

Update on Human Resources Audit Response

Organization and Personnel Committee
Item 7a
September 13, 2010

Cover Letter and Introductory Findings

1. Efforts to reengineer and streamline recruiting services have not been fully successful and the subsequent reorganization appears to be a temporary fix.

Deliverable:

- We believe there has been significant progress in reducing the costs (10 budgeted positions reduced to 4) and improving the processes. Additional steps have to be taken to improve HR services and efficiencies that will be addressed in Sections VII and VIII.

Cover Letter and Introductory Findings

2. Metropolitan's contractual obligations for the Classification and Compensation Studies of the General Employee Unit (AFSCME) and Association of Confidential Employees (ACE) have been completed, but implementation planning has not and that effort is ultimately subject to negotiation with the union.

Deliverables:

- The ACE Classification and Compensation Study has been completed *and* implemented. This study was first contractually agreed to in 2003, and should have been completed by the summer of 2005. Instead, this process was completed on December, 2009, and the ACE study is now closed.

Cover Letter and Introductory Findings

Deliverables:

- It is important to note that the ACE contractual language mandates an 8-step process that includes a separate negotiation and agreement after the study results are finalized.
- The MOU for The Employees Association of The Metropolitan Water District of Southern California/AFSCME Local 1902 contains no such language.
- Instead, once that study is finalized “. . . [t]he results of the study will be submitted to the parties . . . for use by the parties in negotiations for a successor MOU.”

Cover Letter and Introductory Findings

3. Human Resources Management has had difficulty forging partnership with all executives to support the strategic plans necessary for organization and cultural re-alignment. That is, Group Executives have not all embraced the programs critical to the enterprise such as setting goals for compensation and rewards, strategic workforce development, and active talent acquisition strategies. Overall engagement by the executive management team has not been achieved. Most initiatives are driven by HR with too little executive involvement or goal setting.

Cover Letter and Introductory Findings

Deliverables:

- In June, 2008, Human Resources instituted the Human Resources Advisory Committee, made up of key sub-Group-level managers, to introduce Human Resources initiatives and programs and take input from the Groups on how Human Resources might improve its services.
- Most recently, Human Resources created the Human Resources Group Manager's Committee, to create a forum and ensure that Group Managers have direct exposure to Human Resources strategic activities and are well informed prior to implementation of any programs and/or initiatives.

Cover Letter and Introductory Findings

Deliverables:

- This Committee has now met several times and meetings are calendared for the remainder of the calendar year. It is expected that this structure will enable consistent executive sponsorship of enterprise-level HR initiatives.
- This process will be re-evaluated in June, 2011 to measure progress.

Cover Letter and Introductory Findings

4. While Metropolitan's Bargaining Team members are restricted from representation by the unions and employee associations they bargain with, members of the same union outside of HR are responsible for administering the labor agreements and responding to the grievances of fellow union members. As a consequence, the perception is given that management represents itself regarding the terms of its own employment. This perception contributes to the appearance of an entitlement culture.

Deliverable:

- Will be discussed in Sections II and III of the Audit Report.

Cover Letter and Introductory Findings

5. There are a number of job classifications assigned to one bargaining unit that belong in another unit with a more appropriate community of interest. This situation is often cited by line and middle management as causing confusing practices that sometimes create internal equity problems because of different rules being applied to the same job family.

Deliverable:

- Will be discussed in Sections II and III of the Audit Report.

Enumerated Findings (Sections I – V)

- **Section I - Strategic Compensation and Rewards:**
The opportunity exists for Metropolitan to introduce a strategic compensation and rewards approach as an alternative to its traditional methods with the unrepresented group of employees. This approach might include three elements: Direct Pay, Variable Pay, and Indirect Pay.

Deliverables:

- This concept is contemplated in an already-existing draft Unrepresented Pay Package that has been shared with Executive Management.

Enumerated Findings (Sections I – V)

Deliverables:

- The Package is designed with a new pay philosophy, accommodates changes in the competitive market place, and addresses internal equity and salary compression issues.
- The Package moves from the traditional compensation approach to one that includes direct, variable and indirect pay, coupled with modifications in personnel policies for unrepresented personnel.
- The proposed package is designed to provide a clear distinction between unrepresented and bargaining unit personnel and to incentivize managers to stay in the unrepresented ranks.

Enumerated Findings (Sections I – V)

Deliverables:

- Any new pay structure will have both pros and cons associated with it that must be carefully reviewed and analyzed through the Organization and Personnel Committee.
- A new unrepresented pay package is currently being updated and will be ready for review by December, 2010.

Enumerated Findings (Sections I – V)

- **Section II – Increasing the Ranks of Unrepresented Employees:** Increase the ranks of the unrepresented employees. A job audit procedure should be developed to further identify all other positions that meet the Administrative Code definitions of “Management Employees” and “Supervisory Employees” or “Confidential Employees” regardless of title.

Deliverables:

- State law, the Meyers-Milias-Brown Act, does not permit a public agency like Metropolitan to strictly prohibit any public employee from becoming a member of, or hold office in, a bargaining unit.

Enumerated Findings (Sections I – V)

Deliverables:

- Metropolitan cannot establish, as suggested by the Report, an administrative procedure or an internal control structure restricting management and confidential employees from organizing into bargaining units.
- This said, Human Resources has made significant progress in this area. As noted in the report, the number of unrepresented employees at Metropolitan has increased dramatically in the past few years. Metropolitan has moved from 27 in 2007 to 33 unrepresented employees in 2009, to a total of 46 today.

Enumerated Findings (Sections I – V)

Deliverables:

- The current methodology used involves Human Resources and Metropolitan management partnering to identify potential unrepresented positions; with Human Resources taking the lead in contacting employees and the appropriate bargaining unit whenever an employee is proposed to be converted to unrepresented status.
- We agree with the overall goal that increasing the number of unrepresented employees would help Metropolitan have a more balanced workforce.
- At the September Board meeting, modifications to Metropolitan's Administrative Code to enhance Metropolitan's ability to work with pre-existing bargaining alignment will be presented.

Enumerated Findings (Sections I – V)

Deliverables:

- An Unrepresented Pay Package as discussed in Section I could help our managers become and remain Unrepresented and will be discussed with the Board in months to come.
- We will also take the opportunity to discuss bargaining unit alignment in the context of upcoming MOU negotiations.

Enumerated Findings (Sections I – V)

- **Section III – Realignment of Bargaining Units:** In addition to Executive/Senior Management positions, consideration should be given towards increasing the ranks of the unrepresented employees to include all Managerial, Supervisory and Confidential positions described above in Section II. It is noted that all unrepresented employees may continue to exercise their MMBA rights in matters pertaining to employer-employee relations. These rights can be exercised both by individuals and/or groups, with or without representatives, as they so choose.

Deliverable:

- Please make note of our discussion in Section II within the limits of the law in forcing such changes we agree this is a worthwhile goal.

Enumerated Findings (Sections I – V)

- **Section IV – Employee Relations:** Staffing of the Employee Relations Section should be planned to serve employees and managers concerning grievances and complaints by continuing the current emphasis placed on bringing about early resolutions. The staffing should reflect competency and experience commonly found among professionally trained individuals specializing in the employee relations and labor relations fields.

Deliverables:

- We have made great strides in improving our relationships with Metropolitan's bargaining units, and in reducing the number and backlogs of grievances and PERB charges.

Enumerated Findings (Sections I – V)

Deliverables:

- In 2007, Metropolitan had 102 grievances and 15 PERB charges outstanding.
- Today there are approximately 17 grievances and 1 PERB charge.
- We will continue to do the work necessary to continue this trend.
- The professionalism of Employee Relations staff is, and must continue to be, a main priority. Increased training will be a continued requirement and will strengthen competencies.

Enumerated Findings (Sections I – V)

- **Section V – Equal Employment Opportunity (EEO):** The EEO staff should meet regularly and routinely with representatives of the employee associations to solicit their ideas and develop a network or process for the informal identification and resolution of employee questions and concerns. The EEO staff should work more cooperatively with the employee associations and disseminate EEO information to employees with greater “transparency.” Specifically, information should be sorted and reported by gender, race and national origin.

Enumerated Findings (Sections I – V)

Deliverables:

- These voluntary organizations bring value to Metropolitan by way of fostering diversity and awareness through their various activities at Metropolitan throughout the year.
- Exchanging information with these organizations on a wide range of matters, not limited to EEO issues, will be pursued via regular meetings for this purpose.
- Human Resources is also committed to regularly bring workforce data to the Organization and Personnel Committee and has already done so. This information is available to anyone at Metropolitan, as well as the general public, through the posted presentation.
- Meetings with these organizations are currently being scheduled to share and exchange information.

Enumerated Findings (Sections VI – X)

- Sections VI – X will be presented at the Organization and Personnel Committee Meeting in October.