

**Metro**Los Angeles County
Metropolitan Transportation AuthorityOne Gateway Plaza
Los Angeles, CA 90012-2952213.922.2000
metro.net**FINANCE, BUDGET & AUDIT COMMITTEE
APRIL 18, 2012****SUBJECT: PREPARE TOMORROW'S WORKFORCE TODAY****ACTION: RECEIVE AND FILE REPORT ON THE STATUS OF STRATEGIC
WORKFORCE PLANNING INITIATIVES****RECOMMENDATION**

Receive and file report on Metro's Strategic Workforce Planning initiatives to prepare for the attrition of employees who may retire in the next five to ten years.

ISSUE

The need to prepare for Metro's future workforce is critical as we face a period of generational transition. Our demographic data tell us that 51% of Metro non-represented employees are eligible to retire; we must ensure the availability of a skilled workforce as we face the challenges that lie ahead. The loss of employees who are eligible for retirement may be exacerbated if proposals to modify public employee pension plans are approved.

Another workforce issue is the availability of technical personnel to work on increasingly sophisticated bus and rail vehicles and wayside systems that may double in the next ten years.

The need to prepare tomorrow's workforce today, including preparing for candidates for key leadership positions, was identified as a priority and included as a theme in the FY12 Budget. This report is a preliminary assessment of our risks and opportunities, and describes our plan to ensure that the next generation of leadership is prepared to assume key positions vacated through retirement or that emerge to meet changing organizational requirements.

DISCUSSION

We have embarked upon an ambitious initiative to prepare tomorrow's workforce today. An Executive Director, Strategic Workforce Planning, was appointed and staff has been reassigned to develop a formal succession planning program for Metro. A consultant

with expertise in succession planning has also been procured to assist with the expertise needed to develop a robust succession planning program.

Concurrent with the need to develop staff to address anticipated turnover due to retirement, military activity in the Middle East is winding down. This offers Metro a unique opportunity to attract military veterans who have the leadership and technical skill sets that are applicable to the work that we do.

Developing training programs, attracting veterans to work at Metro and developing and implementing a succession plan are among the measures designed to address four major risks to Metro's workforce. These include the following:

1. Retirement Risk/Generational Change
2. Uncertain Pace of Construction of Measure R Projects
3. Limited Availability of Qualified Technical Personnel
4. Public Employee Pension Reform

Risk #1: Retirement Risk/Generational Change

Many highly experienced employees in key organizational roles will be in a position to retire within the next ten years. The level of risk varies by organizational role and department.

Non-Contract (NC) Employees Eligible to Retire (50+ Years of Age and 5+ Years of Service)		All NC ⁽¹⁾	Eligible	
			#	%
1	EEO Category Description			
2	Executives	70	40	57%
3	Managers	349	204	58%
4	Paraprofessionals	93	45	48%
5	Professionals	524	232	44%
6	Technicians	28	22	79%
7	Total	1064	543	51%
8	Department			
9	Transit Operations	264	155	59%
10	Administrative Services	234	134	57%
11	Communications	67	36	54%
12	Chief Executive Office	155	79	51%
13	Construction Project Management	122	55	45%
14	Financial Services	108	46	43%
15	Countywide Planning & Development	90	31	34%
16	Highway Capital Management	24	7	29%
17	Total	1064	543	51%

(1) Excludes Board Officials employees

For example:

- A higher percentage of employees in executive and management roles are closer to potential retirement age than employees in professional roles.
- More than half of non-contract employees in the Transit Operations, Administrative Services, Communications and Chief Executive Office departments are eligible to retire.

Attachment A is a graphic representation illustrating the retirement risks across the organization.

While this risk is not unique to Metro, our workforce requirements exacerbate the challenge we face in addressing it. The unique characteristics of Metro require that many of our leadership positions are most appropriately filled by employees trained and developed from our existing workforce. This requires Metro to develop comprehensive training programs designed to improve the technical and leadership capabilities of those employees with interest and qualifications.

Strategies/Solutions to Risk #1

We have adopted three strategies to address retirement risk

- 1.1 Prepare Multiple Highly Qualified Candidates for all Key Leadership Positions
- 1.2 Expand Leadership Development to Invest in Current Employees
- 1.3 Implement and foster the Entry Level Trainee Program

1.1 Prepare Multiple Highly Qualified Candidates for all Key Leadership Positions

All department heads have been asked to identify the following:

- Key leadership positions at risk
- Organizational units and job families at risk
- Potential internal sources for high-risk positions
- Developmental gaps for potential successors
- Individual and agency-wide leadership and technical training
- Developmental opportunities to fill developmental gaps

NEXT GENERATION INITIATIVE READINESS TO COMPETE WORKSHEET		
Key Leadership Position Title	XXXXXX	
Ready Now:	Readiness Gaps	Development Plan
1.		
2.		
3.		
4.		
Ready 1-2 years		
1.		
2.		
3.		
4.		
Ready 3-5 years		
1.		
2.		
3.		
4.		

1.2 Expand Leadership Development to Invest in Current Employees

We have started implementation of Metro University, which includes the following:

- Internal leadership and professional development training programs. Multiple curricula have been implemented for different levels of employees (Attachment B).
- Multiple Agency Exchange (MAX) with Denver RTD and Dallas DART. MAX is a learning exchange program created by the CEO with his peers at RTD and DART. The objective is to give middle managers who have shown high potential, an opportunity to learn how other organizations solve similar problems in different ways. Nine participants from each agency have been selected to participate in a series of three 4-day learning exchanges at the other agencies. While at each agency, participants get a broad agency overview, attend technical and functional presentations, take system and facility tours and ride the host's transit services. The group visited Denver in August 2011, Los Angeles in January 2012, and will visit Dallas in April 2012.

We are also continuing these programs:

- External professional certification
- Tuition reimbursement at accredited colleges and universities
- On-Site college programs for employees seeking higher education
- Expanded Internship opportunities

1.3 Implement and Foster the Entry Level Trainee Program

Beginning in FY12, Metro introduced the Entry Level Training Program (ELTP). The ELTP is designed to give recent college graduates the requisite experience to qualify for entry-level professional positions which typically require one or two years of experience. The ELTP provides Metro a much greater opportunity to compete on campus for high quality new graduates. To date, we have 41 college graduates in the ELTP and one has already been hired to fill a vacant regular position. The trainees are performing tasks in their chosen fields, and learning new skills while contributing valuable work effort to Metro's work program.

Risk #2: Uncertain Pace of Construction of Measure R Projects

The speed at which we build new transit projects will dramatically change the number and types of talent that Metro will require moving forward.

Strategies/Solutions to Risk #2

As we come to a decision about the pace of rail construction, we must align our workforce strategy to our business strategy. To illustrate, consider the following construction scenarios:

Scenario 1: Accelerated	Scenario 2: Not Accelerated
<ul style="list-style-type: none"> Many concurrent projects All projects completed in 10 years Doubling the size of Rail Operations within 10 years <p>2.1 Workforce Strategy: Transit Project Delivery</p> <ul style="list-style-type: none"> Many senior-level project managers for 10 years. When projects are completed, these high-level staff will no longer be required. 	<ul style="list-style-type: none"> Fewer concurrent projects All Projects Completed in 30 Years Doubling the size of Rail Operations within 30 years <p>2.2 Workforce Strategy: Transit Project Delivery</p> <ul style="list-style-type: none"> Fewer senior-level project managers for 30 years. Requires development of a pipeline of mid-level and junior-level staff to assume leadership for the entire 30-year period.

Risk #3: Limited Availability of Qualified Technical Personnel

Transit Operations have many at-risk positions and few external sources. Generational transition will affect supervision and management ranks in these four Transit Operations key functional areas:

	Bus Maintenance			Transportation			Rail Fleet Services			Wayside Systems		
	N	55	%	N	55	%	N	55	%	N	55	%
1 Executives	7	4	57%	7	3	43%	3	1	33%	1	0	0%
2 Managers	18	5	28%	20	9	45%	7	6	86%	3	1	33%
3 Asst Managers	13	9	69%	36	13	36%	3	1	33%	4	3	75%
4 Supervisors	117	60	51%	403	159	39%	26	10	38%	18	7	39%

LEGEND: Percentage of group within 10 years of normal plan retirement age	Over 50%
	35%-50%
	Under 35%

This presents two immediate objectives:

- Training current employees to improve performance
- Preparing the next generation of leaders for future management roles

Rail expansion presents another challenge - the limited availability of qualified technical personnel needed to maintain Metro's new rail lines and to replace personnel lost through attrition. Opening these new rail lines will nearly double the size of rail operations over the next 7-10 years.

**Estimated Rail Maintenance
Workforce Requirements Through FY19**

RAIL LINE	EST OPENING	NEW RAIL TECHNICAL MAINTENANCE FTE's
1 Expo I	FY12	72
2 Expo II	FY16	96
3 Foothill Ext		
4 Crenshaw	FY18	60
5 Regional Connector	FY19	94
6 Purple to Fairfax		
7 Est. Additional Workforce Requirement		322
8 Attrition (5% Annually)		221
9 Est. Hiring Requirement		543

Strategy/Solution to Risk #3

3.1 Transportation Management Training Program (Attachment C)

This training program focuses directly on management employees in Transportation, Bus Maintenance, Rail Fleet Services, Wayside Systems and Supply Chain Management. The targeted audience and training schedule follows:

- Aug 2011 – Aug 2012: 75 Managers and above
- Aug 2012 – Aug 2013: 90 Assistant Managers

3.2 Rail Technical Careers Training

Metro has initiated preliminary discussions with a local community college to launch a new rail technical career-training program. If implemented, this program will help Metro meet the potential threat associated with nearly doubling the size of rail operations over the next 10-15 years. Specifically, we propose to collaborate with the college to train and hire hundreds of people in the following hard-to-fill positions to meet demand created by rail expansion and the expected retirement of baby-boomers.

Hard-to-Fill Journey Level Title	Proposed Trainee Title After A.S. Degree
1 Rail Vehicle Maintenance Specialist	Rail Vehicle Maintenance Trainee
2 Rail Signal Inspector	Rail Signal Inspection Trainee
3 Rail Traction Power Inspector	Rail Traction Power Inspection Trainee

In addition, the career-training program will create opportunities for unskilled, unemployed or underemployed individuals to obtain training and be hired for skilled jobs that will provide them with good wages and excellent benefits in a growing sector.

Metro's practice since opening rail operations over 20 years ago has been that of a start-up, incrementally expanding staff as new rail lines opened, and hiring only journey-level personnel for these technical jobs. Metro is now a mature rail system, with over 1,000 employees working in rail operations, and has the capacity to absorb technically prepared trainees in technical jobs, as it has in our bus operation for decades.

Risk #4: Change in Laws for Public Employee Pensions

In October 2011, Governor Brown released his Twelve Point Pension Reform Plan. California legislators have adopted Governor Brown's proposals as the framework for discussions to reform public employee pension systems in the state. The table in Attachment D summarizes Governor Brown's pension reforms and indicates the impacts to current and future MTA employees. Pension reform recommendations will undergo hearings and committee review before they are finalized and presented to the Legislature. The final pension reform proposal may have a major impact on the number and timing of employees who are eligible to retire making decisions to continue to work or to leave the agency.

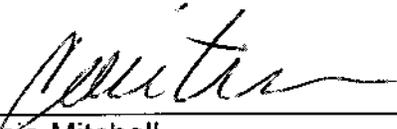
NEXT STEPS

The agency will move forward with developing and implementing a Strategic Workforce Planning process, including succession planning. The consultant will assist Metro to ensure that the next generation of leadership is prepared to assume the most critical roles – either those vacated through retirement or that emerge to meet changing organizational requirements – focusing first on those that are hardest to fill.

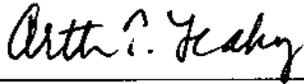
ATTACHMENTS

- A. Eligible for Retirement Heat Map – All Departments
- B. Metro University Offerings
- C. Transportation Management Training Program outline
- D. Matrix of Governor Brown's Proposed Pension Reforms

Prepared by: Don Ott, Executive Officer, Administration
Steve Jaffe, Director, Human Services



Lonnie Mitchell
Executive Director, Strategic Workforce
Planning

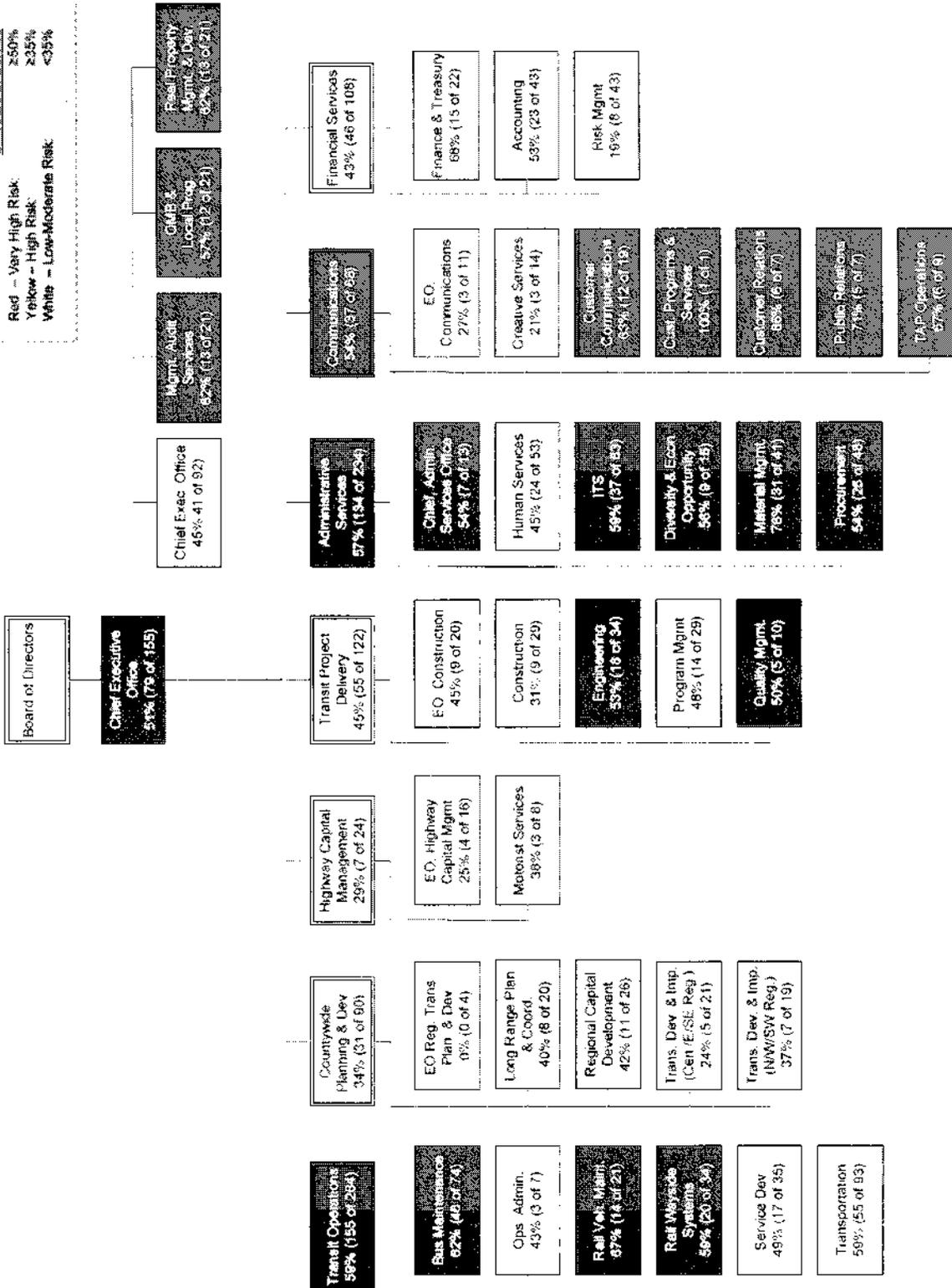


Arthur T. Leahy
Chief Executive Officer

**NC Employees Eligible for Retirement
By Department & Section/Unit**

Legend

50+ Years of Age AND
5+ Years of Service
 Red = Very High Risk: >50%
 Yellow = High Risk: >35%
 White = Low-Moderate Risk: <35%





Metro

METRO UNIVERSITY

PROGRAM NAME	LENGTH & FREQUENCY	TARGET AUDIENCE	PURPOSE
LEADERSHIP DEVELOPMENT			
1 Pre-Supervisory Training (PST)	4 half-day sessions (1x/quarter)	Any employee considering supervision as a career option (minimum 1 year of service required).	Introduce participants to the necessary skills required for first-level supervisory positions at Metro.
2 First-Time Supervision (FTS)	2 days (1x/quarter)	First-time supervisors, leads, Managers, and those who have successfully completed PST.	Provide basic supervisory/management skills required for first-level supervisory positions.
3 Managerial & Supervisory Training (MST)	5 half days (1x/quarter)	Supervisors & Managers.	Provide specific supervisory/management skills.
4 Management Orientation Program (MOP)	9 mandatory and 14 regular classes (1x/quarter)	Supervisors & Managers.	Provide Metro-specific policies & procedures for supervisors & Managers.
5 Emerging Leaders Program (ELP)	6 sessions (1x/quarter)	Supervisors, Managers and professional staff (Grade K and higher).	Identify and develop the next generation of transportation leaders and provide them with Metro-specific management skills.
6 Transportation Leadership Academy	10 session (2x/month for 6 months)	Metro leaders who are recognized as agents of change (Grade M and above).	Introduces Metro managers to forward thinking leadership concepts relative to change management, strategic planning, project management and emotional intelligence
7 Leadership Symposium	1 session (4x/year)	All employees.	Provide opportunities for Metro employees to hear and engage in dialogue with other industry professionals.
8 FHWA - TEDPP Leadership in Transportation Program with USC	10 sessions (1x/week for 10 weeks)	Metro leaders who are recognized as agents of change (Grade M and above).	Offers self-study management concepts for Metro leadership.
9 Multi-Agency Exchange (MAX) Best Practices Training	6 days (2 consecutive days, 3x/year)	6-8 promising employees, selected by the CEO	Participants will share and learn new/innovative techniques and best practices in various disciplines from the host agency.
TRANSIT OPERATIONS			
10 Transportation Supervisors Leadership Institute	24 sessions (2x/month for 1 year)	New Transit Operations Supervisors and Rail Transit Operations Supervisors.	Preparation for supervisory role in Bus or Rail Transportation.
11 Maintenance & Fleet Management Leadership Institute	5 training modules (75 hours over 1 year)	New Maintenance Supervisors.	Preparation for supervisory role in Maintenance, MOW or Rail Fleet Services.
12 Operations Management Training Program	24 sessions (2x/month for 1 year)	Internal or External candidates with potential for entry-level positions in Metro Operations.	Provide core skills training required for a new Metro Transportation Manager to be successful.
INTRODUCTION TO TRANSPORTATION CAREERS			
13 Metro Internship Program	maximum 2 years or 1,500 hours per year	TCAP (high school) or college interns	Provide opportunities to learn in area of degree.
14 Entry-Level Training Program	1 – 2 years	As-Needed employees with college degree for up to 2 years of service.	Provide entry-level skills training for a specific Metro department.
PROFESSIONAL DEVELOPMENT (EDUCATION)			
15 Tuition Assistance Program	1 class (1x/quarter)	Metro employees	Provide policy guidelines for participating in the Metro Tuition Assistance Program.
16 On-Site College Programs <ul style="list-style-type: none"> • Mineta Transportation Institute • University of La Verne • East Los Angeles College (PACE Program) • East Los Angeles College Transportation Planning 	1+ class per semester	Metro employees and external students	Provide professional development in a specific area of study

TRANSPORTATION MANAGEMENT TRAINING PROGRAM

Topic	Transportation Managers	Bus Maintenance Managers	Rail Maintenance Managers	Material Management Managers
Effective Communication Skills	X	X	X	X
Safety Programs	X	X	X	X
Disaster or Emergency Response and Management	X	X	X	X
Managing Employee Performance	X	X	X	X
Employee/Labor Relations	X	X	X	X
Communicating with Executives, Media, Elected and Community Officials	X	X	X	X
Service Planning and Scheduling	X	X	X	X
Service Performance Monitoring	X	X	X	X
Sustainability, EMS, ISO 14001	X	X	X	X
Commercial Vehicle Regulatory Compliance	X	X		X
Customer Relations	X			
Extra-Board Management	X			
On-Street Service Management & Operations Control	X			
Division Window Operations	X			
Division Instruction	X			
Accident Investigation & Accident Review Board	X			
Inventory Optimization		X	X	X
Warranty		X	X	X
Preventive Maintenance		X	X	X
Additional Maintenance Topics		X	X	X
Rail Vehicle Regulatory Compliance			X	

Matrix of Governor Brown’s Proposed Pension Reforms

Impacts:

	<i>Governor’s Proposed Pension Reform</i>	<i>All Employees</i>	<i>New Employees Only</i>
1	Employees pay 50% of annual contribution for normal cost of pension benefit	X	
2	Requires Hybrid Risk-Sharing pension plan		X
3	Increase retirement ages		X
4	Define final compensation as highest 3-year average		X
5	Define compensation as base pay		X
6	Limit post-retirement employment	X	
7	Felons forfeit pension benefits	X	
8	Prohibit retroactive pension increases	X	
9	Prohibit contribution payment holidays	X	
10	Prohibit purchase of service credit	X	
11	Increase pension board independence and expertise – CalPERS only	NA	NA
12	Reduce retiree health care costs – State Employees only	NA	NA