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REVISED
FINANCE, BUDGET & AUDIT COMMITTEE
July 17, 2014
JULY 16, 2014

SUBJECT: FISCAL YEAR 2015 (FY15) WAGE AND COMPENSATION INCREASES

ACTION: RECEIVE AND FILE REPORT ON SALARY AND WAGE INCREASES

RECOMMENDATION

Receive and file report in response to an amendment by the Board of Directors for Staff to provide a status of FY15 salary and wage increases for non-contract and contract employees.

ISSUE

At the regular board meeting on May 22, 2014, the Board adopted the FY15 proposed budget, including the funding and the authorization to reflect budget increases resulting from Union contract negotiations and a 3% Non-Contract salary escalation. Director Fasana requested an amendment to the Board adoption action, directing Staff to bring a status report back to the Board in July that outlines the FY15 financial impact of these Union and Non-Contract labor actions.

DISCUSSION

The FY15 budget impact for non-contract wages is \$3.9M. Below is a status of union contract negotiations.

ATU

Contract negotiations have been completed and ratified by the Board and the ATU membership. The contract expired on June 30, 2013. A four-year contract was negotiated with a period of performance of July 1, 2013 through June 30, 2017. The wage settlement consists of an annual Wage increase, accompanied by a QWA, as well as an increase in Health and Welfare. Year one of the new contract was FY14. The amount paid to ATU employees for Wage and Health and Welfare increases was \$8.7M (Wage increase of \$5.4M and Health and Welfare increase of \$3.3M). The FY15 wage settlement also consists of an annual wage increase, QWA, and a Health and Welfare increase. The FY15 budget impact is \$9.0M (Wage increase of \$5.5M and Health and Welfare increase of \$3.5M).

TCU

Contract negotiations have been completed and ratified by the Board and the TCU membership. As with ATU, the contract expired on June 30, 2013. A four-year contract was negotiated with a period of performance of July 1, 2013 through June 30, 2017. The wage settlement consists of an annual wage increase, accompanied by a QWA, as well as an increase in Health and Welfare. Year one of the contract was FY14. The amount paid to TCU employees for Wage and Health and Welfare increases was \$2.1M (Wage increase of \$1.4M and Health and Welfare increase of \$0.7M). The FY15 wage settlement also consists of an annual wage increase, QWA, and a Health and Welfare increase. The FY15 budget impact is \$2.2M (Wage increase of \$1.5M and Health and Welfare increase of \$0.7M).

UTU/Teamsters/AFSCME

The UTU and AFSCME contracts expired on June 30, 2014. The Teamsters contract is set to expire on September 30, 2014. Negotiations with these unions are ongoing; therefore, Staff will continue to update the Board as negotiations progress.

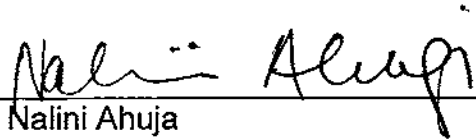
FINANCIAL IMPACT

The FY15 budget includes the impact for ATU, TCU, and Non-Contract Wages and Health and Welfare, which is \$15.1M (Wage increase of \$10.9M and Health and Welfare increase of \$4.2M) This amount excludes UTU, Teamsters, and AFSCME. These settlement amounts will be included in the FY15 budget after ratification of the agreements.

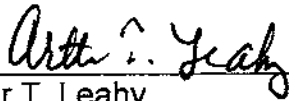
NEXT STEPS

Proceed with implementation of FY15 salary and wage increases as well as adjustment of pay grade ranges for non-contract employees.

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