



## A SPECIAL MEETING

# EXECUTIVE/ADMINISTRATION COMMITTEE

### Main Office

818 West 7th Street  
12th Floor  
Los Angeles, California  
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www.scag.ca.gov

### Officers

President  
Cheryl Viegas-Walker, El Centro  
  
First Vice President  
Michele Martinez, Santa Ana  
  
Second Vice President  
Margaret Finlay, Duarte  
  
Immediate Past President  
Carl Morehouse, San Buenaventura

### Executive/Administration Committee Chair

Cheryl Viegas-Walker, El Centro

### Policy Committee Chairs

Community, Economic and  
Human Development  
Bill Jahn, Big Bear Lake  
  
Energy & Environment  
Deborah Robertson, Rialto  
  
Transportation  
Alan Wapner, San Bernardino  
Associated Governments

***Please Note Date and Time***  
***Wednesday, January 13, 2016***  
***10:00 a.m. – 12:00 p.m.***

**SCAG Los Angeles Office**  
**818 W. 7<sup>th</sup> Street**  
**12<sup>th</sup> Floor, Policy Room B**  
**333 South Figueroa Street**  
**Los Angeles, CA 90071**  
**Tel: (213) 236-1800**

## Available via Videoconference at the following Locations:

### IMPERIAL

1405 N. Imperial Avenue, Suite 1  
El Centro, CA 92243

### SAN BERNARDINO

1170 West 3rd Street, Suite 140  
San Bernardino, CA 92410

### VENTURA

950 County Square Drive, Suite 101  
Ventura, CA 93003

### COACHELLA VALLEY

73-710 Fred Waring Drive, Suite 200  
Palm Desert, CA 92260

If members of the public wish to review the attachments or have any questions on any of the agenda items, please contact Tess Rey-Chaput at (213) 236-1908 or via email at [REY@scag.ca.gov](mailto:REY@scag.ca.gov). Agendas & Minutes for the EAC are also available at: <http://www.scag.ca.gov/committees/Pages/default.aspx>

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## Executive/Administration Committee Members – January 2016

<u>Members</u>	<u>Representing</u>
<b>Chair</b>	1. <b>Hon. Cheryl Viegas-Walker</b> <i>El Centro</i> <b>District 1</b>
<b>1<sup>st</sup> Vice-Chair</b>	2. <b>Hon. Michele Martinez</b> <i>Santa Ana</i> <b>District 16</b>
<b>2<sup>nd</sup> Vice-Chair</b>	3. <b>Hon. Margaret E. Finlay</b> <i>Duarte</i> <b>District 35</b>
<b>Immed. Past Pres.</b>	4. <b>Hon. Carl E. Morehouse</b> <i>San Buenaventura</i> <b>District 47</b>
	5. Hon. Pam O'Connor <i>Santa Monica</i> District 41
	6. Hon. Kris Murray <i>Anaheim</i> District 19
	7. Hon. Alan Wapner <i>Ontario</i> SANBAG
	8. Hon. Barbara Messina <i>Alhambra</i> District 34
	9. Hon. Bill Jahn <i>Big Bear Lake</i> District 11
	10. Hon. Larry McCallon <i>Highland</i> District 7
	11. Hon. Deborah Robertson <i>Rialto</i> District 8
	12. Hon. Carmen Ramirez <i>Oxnard</i> District 45
	13. Hon. Mary “Maxine” Resvaloso <i>Torres-Martinez Desert Cahuilla Indians</i> Tribal Gov. Rep.
	14. Mr. Randall Lewis <i>Lewis Group of Companies</i> Ex-Officio Member
	15. Hon. Gregory Pettis <i>Cathedral City</i> District 2
	16. Hon. Clint Lorimore <i>Eastvale</i> District 4
	17. Hon. Rex Richardson <i>Long Beach</i> District 29
	18. Hon. Joe Buscaino <i>Los Angeles</i> District 62

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# EXECUTIVE/ADMINISTRATION COMMITTEE

## SPECIAL MEETING AGENDA

### WEDNESDAY, JANUARY 13, 2016

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*The Executive/Administration Committee (EAC) may consider and act upon any of the items listed on the Special Meeting Agenda regardless of whether they are listed as Information or Action Items.*

#### **CALL TO ORDER & PLEDGE OF ALLEGIANCE**

*(Hon. Cheryl Viegas-Walker, Chair)*

**PUBLIC COMMENT PERIOD** – Members of the public desiring to speak on items on the Special Meeting Agenda, must fill out and present a Public Comment Card to the Assistant prior to speaking. Comments will be limited to three (3) minutes per speaker. The Chair has the discretion to reduce the time limit based upon the number of speakers. The Chair may limit the total time for all public comments to twenty (20) minutes.

#### **REVIEW AND PRIORITIZE AGENDA ITEMS**

#### **EXECUTIVE DIRECTOR'S REPORT**

*(Hasan Ikhata, Executive Director)*

#### **PRESIDENT'S REPORT**

#### **DISCUSSION ITEMS**

**Page No.**

- |  |            |    |
|--|------------|----|
| 1. <u>Financial Overview</u><br><i>(Debbie Dillon, Deputy Executive Director, Administration)</i>                          | Attachment | 1  |
| 2. <u>SCAG Compensation Survey Information</u><br><i>(Debbie Dillon, Deputy Executive Director, Administration)</i>        | Attachment | 3  |
| 3. <u>Pension Reporting</u><br><i>(Basil Panas, Chief Financial Officer)</i>   | Attachment | 10 |
| 4. <u>Los Angeles Office – Real Estate Evaluation</u><br><i>(Debbie Dillon, Deputy Executive Director, Administration)</i> | Attachment | 14 |

#### **ADJOURNMENT**

- *The next regular meeting of the EAC is scheduled for Thursday, February 4, 2016 at the SCAG Los Angeles Office.*

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# SCAG FINANCIAL OVERVIEW

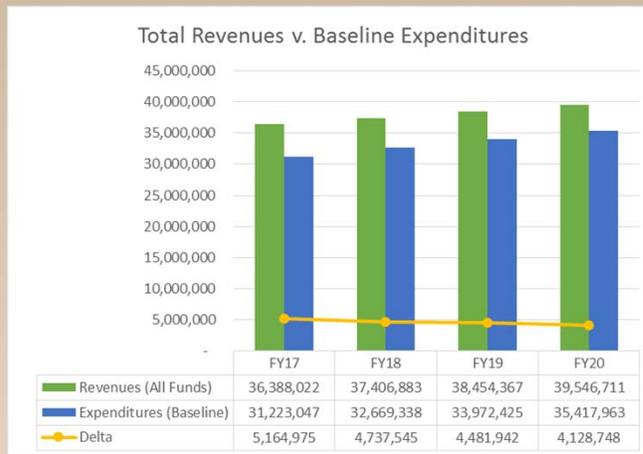
Special EAC Meeting

January 13, 2016

Debbie Dillon,  
Deputy Executive Director



## Revenues/Baseline Expenditures



## FY17 – FY20 Assumptions

### Revenues

- TDA and CPG: 3% increase each year
- General Fund: 1.5% increase each year

### Expenditures

- Baseline means routine operating expenses such as staffing, building leases, meeting/stipend expenses.
- Budgeted positions: 139; no new positions in future years
- Merit increase: 5% per year
- Vacancy rate: 4%
- Cal PERS employer contribution rates: 20.2% - 25.7%

## QUESTIONS



# REPORT

AGENDA ITEM NO. 2

**DATE:** January 13, 2016

**TO:** Executive/Administration Committee (EAC)

**FROM:** Debbie Dillon, Deputy Executive Director, Administration ; [dillon@scag.ca.gov](mailto:dillon@scag.ca.gov) ;  
213-236-1870

**SUBJECT:** SCAG Compensation Survey Information

**EXECUTIVE DIRECTOR'S APPROVAL:** 

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**RECOMMENDED ACTION:**

For Information Only – No Action Required.

**EXECUTIVE SUMMARY**

*The Regional Council previously adopted a policy to maintain staff salary competitiveness at the 75<sup>th</sup> percentile with twelve (12) peer agencies in order to retain and attract highly qualified staff. In November 2013, the Regional Council acted to update the SCAG approved salary schedule to maintain competitiveness at the 75<sup>th</sup> percentile and further requested that staff plan to bring updated labor market information forward every few years for the Regional Council's review. Additionally, at the June 2015 Regional Council meeting the SCAG President asked staff to bring back information on staff compensation in response to discussion about the Executive Director's compensation. This report is intended to meet both objectives.*

*Staff has conducted a staff salary and benefits survey of the Regional Council approved twelve (12) peer agencies and is presenting this information to the Executive Committee for their information.*

**STRATEGIC PLAN:**

Goal #5 - Optimize Organizational Efficiency and Cultivate an Engaged Workforce

**BACKGROUND:**

In April 2000, SCAG completed an agency-wide Best Practices Study which included Sections on Information Systems, Personnel, Contracts, Internal Communications, Budget, and Accounting. It was a four (4) month process that included six (6) task forces, involved over one hundred (100) people and twenty (20) outside experts. More than 200 recommendations resulted from the Best Practices Study. One recommendation was for SCAG to hire a consultant to conduct a total compensation study and make recommendations for developing a compensation system that was objective, competitive and equitable. In June 2001, the results of that study were presented and adopted by the Regional Council. Prior to 2001, the agency had not conducted a comprehensive total compensation survey during the life of the agency. The agency's salary plan in use prior to 2001 was established in December 1992. The management of the agency in 2001 articulated a need to establish a competitive salary structure to attract and retain the most highly qualified staff. It was noted that the job market for planners had been one of the most challenging recruitment areas for more than two years prior to the study. The 2001 study results sought to create a competitive total compensation plan, which was externally competitive with the labor market, internally equitable, and occupationally focused.

# REPORT

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## **REVIEW OF COMPENSATION STUDY/SURVEY METHODOLOGY:**

Conducting a compensation study requires a thorough understanding of market compensation practices. This is to ensure SCAG's compensation practices are competitive with those of comparable public sector employers in surrounding areas. Within this "labor market" survey agencies were identified based on three criteria: employer size, geographic proximity and the nature of agencies work. The last item is important because it acknowledges that agencies compete with one another for employees, have comparable jobs, and possess similar organizational and economic characteristics.

The 2001 study identified twelve agencies for its peer survey group based on a balance of past practices, larger member agencies with a comparable cost of living, and other similar types of regional agencies.

The twelve (12) peer agencies are:

1. Association of Bay Area Governments (ABAG)
2. City of Long Beach
3. City of Los Angeles
4. City of Pasadena
5. Los Angeles County
6. Los Angeles Metro (MTA)
7. Metropolitan Transportation Commission (MTC)
8. Metropolitan Water District of Southern California (MWD)
9. Orange County Transportation Authority (OCTA)
10. Orange County
11. San Diego Association of Governments  
(SANDAG)
12. South Coast Air Quality Management District (SCAQMD)

In addition to the selection of the labor market, another key compensation policy decision made with the adoption of the 2001 study was establishing the position in the labor market that SCAG should maintain. The RC adopted study set salaries to the inter-quartile range of the labor market. This means the salary ranges are from the top of the first quartile (25%) to the top of the third quartile (75%). This was done to ensure SCAG was in a good position to recruit and retain the top talent available in the labor market to support excellent regional planning and policy.

The total compensation analysis completed for the 2001 study and subsequent studies over the years, including the study for this report, includes collection of benefit data in three areas: cash supplements, paid insurance, and retirement.

Since the implementation of the 2001 study results and policy set by the Regional Council, SCAG staff have been periodically collecting the labor market survey information for both salary and total compensation. Changes to SCAG salary classification ranges require Regional Council approval pursuant to Government Code California Code of Regulations 570.5 and the SCAG Bylaws Article V section 4 (a).

# REPORT

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SCAG last brought recommended changes for the salary ranges to the Regional Council in November 2013. Those changes were adopted by the Regional Council and continued the policy of maintaining the ranges at the 75<sup>th</sup> percentile.

Since the 2001 compensation study was implemented and the salary ranges have been set at the 75<sup>th</sup> percentile SCAG has experienced more successful recruiting for hard to fill positions such as planners and modelers. This is also attributable to the improvement of the overall operations and reputation of the agency since the implementation of the 2001 Best Practices Study and continuous improvement at all levels. It is important to note that SCAG job classifications consist primarily of technical and professional positions, “knowledge workers.” A majority of the staff possess advanced degrees (61%) and eleven (11) % possess doctoral degrees.

Finally, SCAG employees receive only performance based merit increases. They do not receive step increases or cost of living adjustments. SCAG does not provide automatic changes to the salary ranges based on the Consumer Price Index or other factors which is typical in many of SCAG’s comparison agencies since they have labor agreements. Maintaining market based ranges is critical to recruiting and retaining the highest caliber staff available in the labor market.

A total compensation survey was conducted by SCAG staff using the Regional Council adopted peer agencies and eleven (11) benchmark job classifications. The current labor market indicates that on average SCAG’s benchmark classifications are 4.8% below the 75<sup>th</sup> percentile for salary only and 8.8% below the 75<sup>th</sup> percentile for salary *and* benefits.

In order to maintain market competitiveness SCAG staff recommends making salary range adjustments at a future date following the anticipated adoption of the 2016 RTP/SCS. SCAG staff does not recommend making any benefits changes at this time. When new ranges are adopted by the Regional Council only those employees occupying a position whose salary falls below the new bottom of the salary range will immediately experience a salary increase to place them at the new bottom of the range. There are currently sixteen (16) employees or twelve (12) % of the workforce who will be impacted by this. Annualized the cost is \$46,000 for salary and fringe costs. The rest of the staff move in the range when/if they receive a performance based merit increase which typically occurs in October of each year. There are currently thirty-six (36) employees or twenty eight (28) % who are at the top of the existing salary range and would benefit from a range adjustment in October/November 2016 if their performance evaluation warrants an increase.

Refer to the following charts for more detail on the survey results.

# REPORT

**Chart 1- Benchmark Classifications Summary Results**

Surveyed Class	75 <sup>th</sup> Percentile % Difference Salary Only	75 <sup>th</sup> Percentile Salary and Benefits
1. Accountant I	-0.3%	-2.4%
2. Budget and Grants Analyst	-1.2%	-7.8%
3. Graphic Designer	-9.6%	-11.0%
4. Assistant Regional Planner	-7.2%	-13.0%
5. Senior Administrative Assistant	-9.4%	-18.1%
6. Human Resources Analyst	-3.0%	-10.6%
7. Senior Programmer Analyst	-4.4%	-9.2%
8. Public Affairs Specialist	-2.5%	-4.3%
9. Deputy Legal Counsel	3.4%	2.9%
10. Planning Manager	-12.6%	-15.0%
11. Division Director Planning	-5.8%	-8.0%
<b>Average</b>	<b>-4.8%</b>	<b>-8.8%</b>

# REPORT

Chart 2 – Benchmark Classifications - Peer Agency Results

Detail of Benchmark Classifications Salary and Benefits								
Agency	Accountant I		Bud & Grts Analyst		Graphic Designer		Assistant Reg Planner	
	Base Sal Max	Salary +Benefits	Base Sal Max	Salary +Benefits	Base Sal Max	Salary +Benefits	Base Sal Max	Salary +Benefits
ABAG			85,500	128,383	61,980	100,197	61,980	104,863
City of Long Beach	63,565	84,378	90,590	114,028				
City of Los Angeles	67,192	86,334	94,503	116,709	77,903	97,391	84,961	107,458
City of Pasadena	73,659	92,990	88,466	110,136	56,735	75,336	79,189	101,234
Los Angeles County	52,535	69,035	90,153	110,088	61,523	78,429	78,719	98,199
MTA	75,982	113,751	83,762	124,039			83,761	125,791
MTC	86,994	122,255	115,644	154,785	86,994	122,255	86,994	127,025
MWD	65,541	93,830	88,816	122,304	79,498	109,880	88,816	125,451
OCTA			86,242	120,122			75,629	109,183
Orange County	64,334	83,658	105,456	128,421	54,413	73,348	53,144	74,477
SANDAG	66,363	95,097	80,664	111,815	60,193	88,554	73,165	104,975
SCAQMD			97,200	127,056	61,072	84,449	80,912	108,766
<b>SCAG</b>	<b>73,414</b>	<b>92,897</b>	<b>94,075</b>	<b>118,148</b>	<b>71,068</b>	<b>90,235</b>	<b>78,674</b>	<b>103,795</b>
Average	68,463	93,481	92,250	122,324	66,701	92,205	77,025	107,947
Median	66,363	92,990	89,485	121,213	61,523	88,554	79,189	107,458
75th Percentile	73,659	95,097	95,177	127,388	77,903	100,197	84,361	117,317
% Difference Average	6.7%	-0.6%	1.9%	-3.5%	6.1%	-2.2%	2.1%	-4.0%
% Difference Median	9.6%	-0.1%	4.9%	-2.6%	13.4%	1.9%	-0.7%	-3.5%
% Difference 75th%tile	-0.3%	-2.4%	-1.2%	-7.8%	-9.6%	-11.0%	-7.2%	-13.0%

\*Highlighted numbers are below 75th percentile

# REPORT

Agency	Sr Adm Assistant		HR Analyst		Sr Prog Analyst		Pub Affairs Specialist	
	Base Sal Max	Salary +Benefits	Base Sal Max	Salary +Benefits	Base Sal Max	Salary +Benefits	Base Sal Max	Salary +Benefits
ABAG	56,304	95,958					91,200	133,171
City of Long Beach	86,243	109,709	83,882	106,851	105,419	128,679	100,504	123,476
City of Los Angeles	78,008	99,300	94,503	116,709	113,650	134,293	91,747	111,683
City of Pasadena	64,539	85,214	75,978	96,870	100,241	120,717		
Los Angeles County	75,672	95,838	80,882	100,530	103,496	124,291	77,942	95,591
MTA	75,982	116,673	75,982	115,212	104,541	145,605	89,814	129,179
MTC	71,677	108,334	86,994	124,598	115,644	154,785	115,644	153,896
MWD	73,216	104,909	88,816	122,304	116,334	154,479	116,334	152,242
OCTA	63,107	95,685	68,848	100,836	114,962	151,965	68,848	99,512
Orange County	59,426	80,843	105,456	128,421	101,691	124,436	105,456	126,393
SANDAG	57,326	87,278	73,165	103,718	113,532	145,120	80,664	110,264
SCAQMD	70,910	98,273	63,473	90,131	117,738	147,278	87,294	113,525
<b>SCAG</b>	<b>69,263</b>	<b>89,519</b>	<b>85,347</b>	<b>108,077</b>	<b>110,407</b>	<b>136,993</b>	<b>100,703</b>	<b>125,796</b>
Average	69,368	98,168	81,634	109,653	109,750	139,241	93,222	122,630
Median	71,294	97,116	80,882	106,851	113,532	145,120	91,200	123,476
<b>75th Percentile</b>	<b>75,750</b>	<b>105,765</b>	<b>87,905</b>	<b>119,506</b>	<b>115,303</b>	<b>149,622</b>	<b>102,980</b>	<b>131,175</b>
% Difference Average	-0.2%	-9.7%	4.3%	-1.5%	0.6%	-1.6%	7.4%	2.5%
% Difference Median	-2.9%	-8.5%	5.2%	1.1%	-2.8%	-5.9%	9.4%	1.8%
% Difference 75th%tile	-9.4%	-18.1%	-3.0%	-10.6%	-4.4%	-9.2%	-2.5%	-4.3%

\*Highlighted numbers are below 75th percentile

# REPORT

Agency	Dep Legal Counsel		Planning Manager		Div Dir, Planning	
	Base Sal Max	Salary +Benefits	Base Sal Max	Salary +Benefits	Base Sal Max	Salary +Benefits
ABAG					162,740	220,160
City of Long Beach	134,870	165,039	180,161	214,027	218,474	256,746
City of Los Angeles	154,449	182,351	158,229	183,964	196,585	227,469
City of Pasadena	127,702	156,728	145,066	174,168	199,799	239,164
Los Angeles County	141,544	167,513	159,858	186,745	246,718	271,999
MTA			184,433	241,809	221,166	284,193
MTC	171,672	223,041	171,672	221,060	210,204	275,008
MWD	144,123	189,742	178,714	229,478	228,051	289,487
OCTA			148,907	192,466	196,914	246,617
Orange County	146,640	174,833	161,970	191,354		
SANDAG	137,998	176,373	159,750	199,049	184,931	227,951
SCAQMD	123,810	158,571	136,214	172,390	166,610	206,253
<b>SCAG</b>	<b>151,866</b>	<b>187,751</b>	<b>155,588</b>	<b>189,125</b>	<b>207,694</b>	<b>253,241</b>
Average	142,534	177,132	162,270	200,592	202,927	249,550
Median	141,544	174,833	159,858	192,466	199,799	246,617
<b>75th Percentile</b>	<b>146,640</b>	<b>182,351</b>	<b>175,193</b>	<b>217,543</b>	<b>219,820</b>	<b>273,504</b>
% Difference Average	6.1%	5.7%	-4.3%	-6.1%	2.3%	1.5%
% Difference Median	6.8%	6.9%	-2.7%	-1.8%	3.8%	2.6%
% Difference 75th%tile	3.4%	2.9%	-12.6%	-15.0%	-5.8%	-8.0%

**\*Highlighted numbers are below 75th percentile**

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# **PENSION REPORTING**

Special EAC Meeting

January 13, 2016

Basil Panas,  
Chief Financial Officer



## **PENSION REPORTING**

- Accounting & Reporting for Pensions has changed from the GASB 27 rules
- Became effective in FY14/15
- Will see the impact in the CAFR going to RC

## **GASB 27**

- Unfunded pension liabilities were disclosed in the notes to the financial statements
- Net Position (assets minus liabilities) was not impacted
- This created an issue with interperiod equity

## **GASB 68**

- Pension liabilities must now be charged to the period they are incurred
- Means there is a catch-up charge to Net Position at June 30, 2014
- \$26.7 million charge creates negative Net Position of \$12.9 million

## **CAUSE**

- At June 30, 2007, before the financial crisis, SCAG was 110% funded
- At June 30, 2015, SCAG was 76% funded

## **THE FUTURE**

- The unfunded liability will be paid off through a combination of future contributions and investment earnings
- SCAG will manage its resources so as to meet all of its service delivery and financial obligations

# Questions



# Los Angeles Building Lease Evaluation

## Special EAC Meeting

January 13, 2016

Debbie Dillon, Deputy Executive  
Director, Administration



## Background

- Current 10 year lease expires December 31, 2019
- Current Los Angeles office space doesn't meet SCAG's needs in many ways (Meeting room limitations, safety & security concerns, roaches, technology, constant HVAC issues, inadequate lunch/break space for staff, fixed hard wall cubicle/office construction, parking ingress/egress, building services)
- Would require significant remodeling at SCAG's expense and significant disruption to bring to desired/needed standards for remainder of lease

## Background

- At least \$7M needed to remodel within existing lease with only \$1M remaining available in tenant improvement monies under current lease.
- Remodeling would require relocating during remodeling or living in existing space = very expensive/disruptive

3

## Background

- SCAG secured services of commercial real estate firm, Savills Studley, Inc. on July 8, 2015 to assist with market evaluation and all SCAG leases
  - Hired through competitive RFP Process
  - Information Item for RC September 3, 2015
  - No cost to SCAG for services
  - Landlord pays commissions

4

## Background

- Assumptions used to evaluate market
  - Focus group, survey work done 4 years ago with architect/RC members/management & staff used to inform current evaluation
  - Stay in downtown Los Angeles
  - Provide vastly improved building security and safety (seismic safety included)
  - Improve meeting rooms, technology, flexibility
  - Improve working conditions for staff

5

## Background

- Assumptions used to evaluate market
  - Update from a Class C+ to Class A building space
  - Close to transit options both bus and rail
  - Better active transportation options (bike sharing, shuttle services)
  - Improve amenities for staff through technology, more modern/versatile office environment, communal spaces for eating, meeting, brainstorming
  - Affordability

6

# Background

- Process to date:
  - Broker selected 25 properties in DTLA meeting SCAG's guidelines
  - Staff committee (Deputy ED, CIO, HR Manager) narrowed to 10
  - Committee toured and evaluated and refined to 5
  - Executive Team toured and further narrowed to 3

7

# Background

- Process to date:
  - Top 3 properties include SCAG board space in the footprint
  - Located in current neighborhood within 1 to 2 blocks
  - Cost to renew in current space (Class C+ building) and remodel is very similar in cost to moving into a new/renovated space designed to SCAG's standards
  - Depending on building selected range is from 10 % to 30% more than what SCAG currently pays for LA Lease

8

## Next Steps

- Confirm SCAG Pursue:
  - Subletting or exiting current existing lease early and moving to a new space in next 12-18 months
  - Report back at a future meeting in closed session to discuss details and appoint a negotiator

9

# Thank You

