



Board Report

File #: 2022-0496, File Type: Contract

Agenda Number:

REGULAR BOARD MEETING  
AUGUST 25, 2022

**SUBJECT: COLLECTIVE BARGAINING AGREEMENT**

**ACTION: AUTHORIZE THE CHIEF EXECUTIVE OFFICER TO EXECUTE SUCCESSOR COLLECTIVE BARGAINING AGREEMENT AND AMEND THE FY23 BUDGET**

**RECOMMENDATION**

AUTHORIZE the Chief Executive Officer to:

- A. EXECUTE a successor collective bargaining agreement with the Sheet Metal, Air, Rail and Transportation Workers (SMART) effective July 1, 2022; and
- B. AMEND the FY23 budget in the amount of \$46.5 million for the implementation of the wage and benefit changes for the approval of the final collective bargaining agreement.

**ISSUE**

As of June 29, 2022, Metro reached a tentative agreement with SMART on a successor labor agreement for five years, effective July 1, 2022, to June 30, 2027. SMART represents our bus and rail operators and scheduling analysts. The tentative agreement was presented to SMART’s members on July 7, 2022, and was ratified by the members on July 29, 2022. SMART’s labor agreement is now being presented to the Board for approval, subject to union ratification. The related budget impact of the agreement increases the FY23 budget by 0.5%.

**BACKGROUND**

The collective bargaining agreement with SMART governs the wages, benefits, health, safety, and workforce needs of our bus operators, rail operators, and scheduling analysts, expired on June 30, 2022. Metro’s goals for a successor collective bargaining agreement focused on lessons learned from the pandemic that improve service quality and employee experience through the work rule changes. Staff conducted interest-based negotiations workshops for Labor and Management to explore each other’s interest and, most importantly, our joint interests.

The preparation for contract negotiations left both parties with a clear vision of the direction Metro is heading and a path to making meaningful contributions to our future. Prior to beginning negotiations, the following principles were identified to guide our work at the bargaining table:

- Our key stakeholders are the users of our services and the taxpayers within LA County and our employees. They deserve excellence in service and support.
- An understanding that our workforce is essential to our ability to deliver excellent service.
- Our labor agreement provides the framework for our commitments to each other. The agreement includes guidelines, work rules, and the acknowledgment of our joint and respective interests.
- Our intent to negotiate in good faith, to build a stronger organization, and to be financially prudent and good stewards of taxpayer dollars.
- We commit to honoring our agreements and being transparent in our efforts to lead LA Metro in the future of our industry.

## **DISCUSSION**

Negotiations with SMART began in March 2022. Through the collaboration of the Union Leadership and Metro Management/Negotiating Team, the contract was successfully negotiated prior to contract expiration for a five-year term. Management and Labor focused around advancing proposals that met our mutual interests in three areas, retention, recruitment, and performance.

### **Work Rule Benefits**

The SMART agreement includes work rule changes to address recruitment, retention, and performance improvement opportunities which will continue to position Metro as a leader in the transportation industry.

### **Recruitment**

The agreement addresses recruitment needs through the ability to hire full-time bus operators and recruit externally for train operators. Currently, the bus operators are hired on a part-time basis before being offered full-time positions. The train operators are selected from existing bus operator staff. The ability to hire full-time bus operators provides an incentive for applicants looking for a career with Metro that includes full benefits. The increased starting rate of \$23 an hour positions Metro competitively in the labor market.

### **Retention**

The SMART agreement includes changes to address health and safety concerns and wage progression. New provisions include opportunities such as expanding the role of the joint labor management committee to study and discuss matters of mutual concerns such as accidents, threats of physical harm to employees or a member of the public and the use of intoxicants that could potentially cause harm to employees or members of the public. To address wage progression, the agreement reduces the number of steps it takes to get to the top step from ten to five. A one-time appreciate/retention bonus of up to \$2,500 recognizes the significant role our SMART employees played throughout the pandemic. Collectively, the shortening of the time to reach the top step, wage increases, and one-time bonus are expected to have a positive impact on staff retention.

### Performance Improvements

The ability to hire externally for rail operators will help alleviate the impact of hiring from the bus operator ranks to fill rail positions. The result is an improved opportunity to provide maximum service levels to our external stakeholders. The contract provisions will also help Metro increase staffing levels by minimizing ordered call backs (OCB). The changes will further the goal of delivering staff levels to support 100% of pre-covid bus service levels and address staffing needs for the new rail lines scheduled to open this fall without fatiguing existing operators with long assignments and ordered call backs.

Additional changes to the work rules include an expedited pre-arbitration and arbitration process to address and resolve contractual disagreement earlier in the process by saving time and costs.

### **Wages and Benefits**

- The starting salary for Bus Operators and externally hired Rail Operators increased to \$23.00 an hour. The increase in the starting salary should improve our hiring efforts and improve retention by reducing the OCBs on existing operators.
- Salary and wage increases are capped at 3.8% annual average over 5 years. Health and Welfare increases in years three and five of the collective bargaining agreement held at 3.8% annual average.
- A one-time Appreciation and Retention pay bonus of \$.50 per regular hour worked from March 1, 2020, through February 28, 2022, capped at \$2,500 for eligible SMART represented employees. The Appreciation and Retention bonus will trigger the “Me-Too” clauses for all other represented employees employed by Metro.

### **DETERMINATION OF SAFETY IMPACT**

Approval of the collective bargaining agreement has a positive impact on safety due to the negotiated work rules related to safety.

### **FINANCIAL IMPACT**

At the May 2022 meeting, the Board adopted the FY23 budget with an assumption of wage/salary increases and health/welfare benefits for represented employees and non-represented employees are subject to separate board actions due to ongoing negotiations for collective bargaining agreements. Therefore, an amendment to the FY23 budget in the amount of \$46.5 million is required to include these additional expenditures.

### Impact to Budget

The source of funds will parallel the projects charged agencywide over the five-year period and will

include operating and capital eligible funds encompassing sales tax, fares, federal, state, and local funds.

# of Employees	FY23	FY24	FY25	FY26	FY27	Avg Annual Rate
4,846	3.5%	3.5%	4.0%	4.0%	4.0%	3.8%

\*Progression decreased from 10 years to 5 years over the life of the contract

\* Additional 0.25% Quarterly Wage Adjustment each year

\*The average annual rate is 3.4% with Health and Welfare contribution restructuring

**EQUITY PLATFORM**

The collective bargaining agreement with the Sheet, Metal, Air, Rail and Transportation Union (SMART) retroactively effective July 1, 2022, has considered equity impacts such as the new starting salary and reduction of the wage step progression. This is anticipated to help with our recruitment and retention efforts to ensure the pre-Covid service levels are implemented. Not having to reduce transit service levels would avoid negatively impacting Metro’s core ridership and the equity seeking communities we serve.

Further, the agreement is anticipated to benefit the diverse composition of Metro’s workforce, represented by SMART (see table below).

Ethnicity	Metro Ethnicity %	SMART Ethnicity %
African American	28.49%	40.74%
American Indian	0.55%	0.59%
Asian	12.20%	5.45%
Hispanic	44.46%	43.17%
Native Hawaiian	0.60%	0.31%
Two or More	1.81%	1.78%
White	9.58%	3.84%
N/A	2.30%	4.12%
<b>Grand Total</b>	<b>100.00%</b>	<b>100.00%</b>

**IMPLEMENTATION OF STRATEGIC PLAN GOALS**

Recommendation supports strategic plan goal #5 to provide responsive, accountable, and trustworthy governance within the Metro Organization.

**ALTERNATIVES CONSIDERED**

The Board may choose not to approve the tentative agreement. This option is not recommended as

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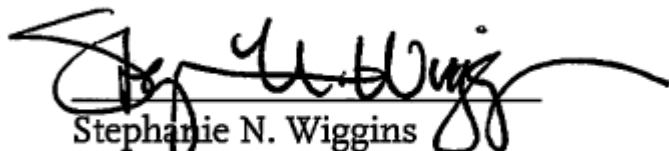
it would nullify the agreement. SMART's Collective Bargaining Agreement expired on June 30, 2022, and Labor and Management have negotiated in good faith this agreement as this is the foundation of the commitments between Labor and Management for our nearly 4,800 SMART represented employees.

### **NEXT STEPS**

Changes, as agreed upon in the collective bargaining agreement, will be implemented. Staff will conduct training with management regarding the changes in the collective bargaining agreement.

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