Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

File #: 2025-0256, **File Type:** Contract **Agenda Number:** 17.

EXECUTIVE MANAGEMENT COMMITTEE
JUNE 18, 2025

SUBJECT: RECRUITMENT STRATEGIC ASPIRATION SERVICES

ACTION: APPROVE RECOMMENDATION

RECOMMENDATION

AUTHORIZE the Chief Executive Officer (CEO) to execute Modification No. 2 to Contract No. PS108564000 with McKinsey & Company, Inc. (McKinsey) to continue to provide consultant support services for hiring process improvements, continuous job classification analysis, planning and recruitment, employee retention enhancements and internal customer-centric training and development, in an amount Not-To-Exceed (NTE) $5,410,000, increasing the contract value from $3,975,000 to $9,385,000 and extending the period of performance from December 31, 2025, to June 30, 2026.

ISSUE

Contract No. PS108564000 was awarded in July 2024 to McKinsey, a strategy and global management consulting firm, focused on advancing the pursuit of sustainability, inclusion, and growth. The contract provided consultant support to evaluate Metro's hiring department structure and job classifications, assess hiring processes, and review efforts to retain employees. Notable improvements have been achieved in improving time-to-hire and lowering the agency vacancy rate, however, staff has identified further opportunities needed to maintain this progress and enhance the post-recruitment employee experience.

BACKGROUND

In November 2024, Metro had 780 vacancies and hired approximately 100 employees per month. Depending on the complexity of the recruitment, the process for filling vacancies previously ranged between 12-31 weeks per hire. In response, McKinsey strategically evaluated Metro's hiring process across all phases, and provided targeted recommendations to improve recruitment efforts, particularly for mission-critical positions and roles across the agency. Also, Metro launched a tactical initiative entitled the Talent Win Room, that is comprised of a dedicated team of Metro and McKinsey staff focused on implementing a sustainable strategy ensuring roles and recruitments are prioritized, organized, and managed on a daily basis to address the backlog of vacancies and support critical openings/initiatives such as C Line's LAX/Metro Transit Center, A Line expansion, and the Metro Center.

As a result of strategic process improvements made thus far, the average time to hire for non-contract roles has decreased, taking just 8 weeks per hire, which is within Metro's strategic aspiration goal of attaining an average hiring timeline of less than 90 days. This effort has significantly reduced the agency's non-contract vacancy rate, which now stands at 13.1% (previously at 18.6%), with further reductions anticipated by the end of FY25 (June 2025). Additionally, as part of this effort, Metro successfully extended a total of 585 job offers (contract and non-contract positions) with an 80% acceptance rate. For non-contract vacancies, this is a 55% increase in job offers extended when compared to the previous year. As of early June 2025, there are 659 vacancies, inclusive of 395 contract and 264 non-contract vacancies. Currently, Metro hires 170 employees each month on average, of which 100 are high volume recruitment efforts for bus operators to maintain required service levels.

As Metro continues to pursue its strategic goal of reimagining talent attraction and building a high-performing workforce, the Chief People Office requires ongoing support to sustain the momentum of the Talent Win Room, continue improving recruitment outcomes, and shift focus on post-recruitment employee retention. This next phase will involve reviewing the Pension and Benefit framework, identifying opportunities for process innovation, streamlining resource planning, engaging key stakeholders, leveraging technology and system integration, prioritizing critical roles and resources, and developing timelines for improving the post-recruitment employee experience. The next phase will also entail customer centric training focused on ensuring Metro adopts a customer-first internal culture through effective communication to deliver exceptional employee support, from onboarding to leadership development through to retirement.

DISCUSSION

Metro has made significant progress in attracting talent by improving time-to-hire and reducing the agency's vacancy rate and therefore, sustaining these gains requires a strong retention strategy. Metro employees are recipients of robust pension and benefits plans, which serve as a primary tool in retaining talent in a competitive market. These benefits are essential not only for employee satisfaction and well-being, but also as a key driver in ensuring long-term commitment to Metro's mission.

To further enhance employee retention, Metro requires support for a strategic review of the post-recruitment employee experience. This effort is expected to drive long-term improvements in employee engagement and the quality of services provided. Additionally, this will enable a thorough evaluation of current processes, identify opportunities to enhance customer service, and recommend ways to optimize the structure and efficiency of the Pension and Benefits department. These improvements will help Metro attract and retain top talent, align with industry best practices, and better meet the evolving needs of its diverse workforce. Specifically, this work will be measured by further reduction of Metro's vacancy rate and its time-to-hire. Metro staff will benchmark and improve its response time to employee inquiries related to pension and benefits. Metro will focus on the following recruitment and retention areas:

1. Talent Win Room Continuation/Sustainment
2. Monitor and Integrate Vacancy Tracking Tool

3. Pension & Benefits Post-Recruitment Retention Support & Strategic Services
4. Internal Customer Centric Training

This proactive approach to attracting and retaining talent reinforces the agency's commitment to its workforce and supports the long-term success and overall stability of our talent, which is Metro's most valuable asset. By addressing both the pre- and post-recruitment employee experience, reviewing additional internal processes, and executing key initiatives now, the agency will be better positioned to gain a competitive advantage through strategic and forward-looking recruitment and retention practices. In addition, this approach will integrate employee customer-centric experience journey mapping and a thorough review of current practices, including training aimed at directly improving the employee experience and supporting long-term retention.

DETERMINATION OF SAFETY IMPACT

Approval of this contract modification will allow Metro to continue working towards the effective recruitment of mission-critical positions and support retention strategies. This proactive approach ensures the safety of our employees, Metro customers, and the public at large.

FINANCIAL IMPACT

This action will not have an impact on the FY25 budget as expenses will be incurred in FY26. Additionally, the FY26 budget includes funding for this contract modification under cost center 2314 Strategic Hiring, project 100001, task 01.01, General Overhead.

The cost center manager and the Chief People Officer are accountable for budgeting the cost in FY26.

Impact to Budget

The source of funding will be administrative funds that are not eligible for bus/rail operating expenses.

EQUITY PLATFORM

The services provided by the consultant will ensure Metro continues to focus on the effective recruitment and retention of mission-critical positions and customer centric initiatives at Metro. This action ensures that Metro continues to attract and retain employees in a timely, proactive and strategic approach while maintaining all regulatory, safety, and Equal Employment Opportunity requirements, and delivering world-class transit service throughout Los Angeles County.

The Diversity & Economic Opportunity Department did not establish a Small Business Enterprise (SBE) or Disabled Veteran Business Enterprise (DVBE) goal on the original contract and McKinsey & Company, Inc. did not make an SBE/DVBE commitment. However, McKinsey & Company, Inc. added a DVBE firm with a 5.25% commitment, and has achieved 3.71% DVBE participation to date (Attachment C).

VEHICLE MILES TRAVELED OUTCOME

VMT and VMT per capita in Los Angeles County are lower than national averages, the lowest in the SCAG region, and on the lower end of VMT per capita statewide, with these declining VMT trends due in part to Metro's significant investment in rail and bus transit.* Metro's Board-adopted VMT reduction targets align with California's statewide climate goals, including achieving carbon neutrality by 2045. To ensure continued progress, all Board items are assessed for their potential impact on VMT.

While this item does not directly encourage taking transit, sharing a ride, or using active transportation, it is a vital part of recruiting and retaining Metro's human capital which is critical to delivering transit services. By ensuring we continue to recruit for mission critical positions and retain internal talent, this action supports Metro's ability to provide a reliable, safe, and attractive alternative to driving. Because the Metro Board has adopted an agency-wide VMT Reduction Target, and this item supports the overall function of the agency, this item is consistent with the goals of reducing VMT.

*Based on population estimates from the United States Census and VMT estimates from Caltrans' Highway Performance Monitoring System (HPMS) data between 2001-2019.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

This Board action supports Strategic Goal 5: Provide responsive, accountable, and trustworthy governance within the Metro organization. This contract modification will ensure that Metro continues to receive accelerated recruitment strategic and retention aspiration support services in advance of new initiatives, regional events and expansion efforts impacting Metro's workforce.

ALTERNATIVES CONSIDERED

The Board may choose not to approve the recommendation for the contract modification for recruitment and retention strategic aspiration support services. An option is to assign this responsibility in-house; however, this is not recommended as Metro does not have the resources to implement further hiring process improvements, integrate a vacancy projection tool, enhance employee retention strategies, and deliver internal customer-centric training, while performing their current duties.

NEXT STEPS

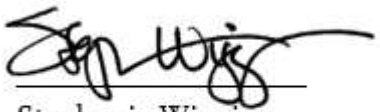
Upon Board approval, staff will execute Modification No. 2 to Contract No. PS108564000 with McKinsey to continue to provide recruitment and retention strategic aspiration services.

ATTACHMENTS

Attachment A - Procurement Summary
Attachment B - Contract Modification/Change Order Log
Attachment C - DEOD Summary

Prepared by: Nancy Saravia, Deputy Executive Officer, Administration, (213) 922-1217
Don Howey, Executive Officer, Administration, (213) 922-8867
Sandra Blanco-Sanchez, Senior Executive Officer, Special Programs, (213) 418-3102
Carolina Coppolo, Deputy Chief Vendor/Contract Management Officer, (213) 922-4471

Reviewed by: Dawn Jackson-Perkins, Chief People Officer, (213) 418-3166



Stephanie Wiggins
Chief Executive Officer