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Classification & Compensation Update and Staff Recommendation



Informational Item | Chief People Officer | October 9, 2025

Presentation Outline

1. Informational Item Only
2. Purpose of the Class & Compensation Study
3. Scope and Timeline of Study
4. Study Findings/Board Ad Hoc
5. Staff Recommendations
6. Next Steps

Gallagher: Purpose, Scope & Timeline

Purpose: to ensure job titles, levels and salaries are fair and consistent both internally and compared to market

Timeline for current study:

- **January 2023 –** Preliminary study design and staff education
- **May 2023** – Launch employee surveys & interviews
- **June 2024** - Gallagher draft results – Classification and Compensation
- **July 2025** - Board of Directors Ad Hoc review and direction
- **October 2025** - Staff Recommendation

Step 1: Classification Study

Step 1 – Classification Study

- Study focused on the classification and compensation system of over 333 SamTrans, TA and Caltrain administrative employees
- 288 position questionnaires were completed
- 222 voluntary interviews with participants and supervisors

Classification Methodology

Detailed employee position questionnaires, employee and supervisor interviews, thorough analysis of job description reviews:

1) Decision making and judgment
2) Difficulty and complexity of work
3) Supervisor responsibilities
4) Non-supervisor responsibilities
5) Minimum qualifications
6) Working conditions/risk factors
7) Who and what level of staff and stakeholders the employee interacts with

Key Findings on Classification

Review the District's current classifications, look for relationships among and between classifications and recommend a new classification structure

Recommend a "classification concept" model that sets uniform criteria for each class of positions … directors vs. managers

- Gallagher recommended reducing the District's 213 classifications to 148 classifications in the new class plan
  - Compared similar work and responsibilities across divisions
  - Compared against Gallagher's "classification concept" model
- **Findings:** 51% of employees' current classifications did not match up with the Gallagher classification model

Step 2: Compensation Study

Step 2: Market-focused, peer evaluation of SMCTD compensation with twelve agencies, cities, and private sector published data:

AC Transit	BART
City of Redwood City	Economic Research Institute (Private Sector)
Golden Gate Transit	LA Metro
Metrolink	MTC
North County Transit (San Diego)	Orange County Transit
SFMTA	VTA
Sound Transit (Washington)	

Focusing on finding positions that perform similar work instead of comparing job titles

Key Findings on Compensation

Gallagher benchmarked 117 classifications and found:

a. 46 classification's top of scale were lower than the market median
b. 58 classification's top of scale were above the market median
c. 13 of the classifications benchmarked yielded insufficient data (less than 4 matches)

Important Context:

- Effect of "median" on the District
- Does not necessarily reflect what employee's actual pay rate is.
- Is moving to a market compensation salary structure the best going forward?

Challenges of Implementing Gallagher's Recommendations

Both classification and compensation results required large scale redefining of positions and divisions that likely would have negative impacts on employee morale and productivity:

a. Concerns about completely redesigning the District's salary structure
b. Require the retitling of numerous positions; impacts compensation
c. Destabilization of established divisions and teams
d. Risk of large-scale attrition
e. Concern about balancing recommendations with high cost of living

Compass Check with SamTrans Board Ad Hoc Committee

- Board Ad Hoc Committee Meeting class / comp study draft results (July 9, 2025)
  - Jeff Gee – Board Chair
  - Mariea Chuang - Vice Chair
  - Brooks Esser – Finance Committee Chair
- Attract and retain talent
- 10-Year Strategic Plan Goal #3: Become an Employer of Choice
  "*The District will provide compensation, benefits, and on-the-job resources and facilitates that attract and retain talent at every level*"

Staff Recommendation

The Pathway Forward: Staff Recommendation (Salary)

- Consistent compensation philosophy that applies equally to all classifications
- Limited number of salary adjustments
- Update current salary scales as follows:
  a. Adopt Gallagher's salary structure (salary bands)
  b. Adopt the recommended salary structure and reduce the size of our bands from 50% wide to the Gallagher Recommended pay bands of 40% wide
  c. Adjust the new pay bands 11% from Gallagher's 2023 recommendation
     - approximately 6 to 8% from our current pay bands

Staff Recommendation (Organizational Health)

- Implement Gallagher career pathways (ladders) for junior level career development
- Align the District's job titles with Gallagher's classification method as natural attrition takes place
- Review all pay scales at least every two years and determine whether an adjustment is necessary

Staff Recommendation (Support Retention and Pay Equity)

Goal to move the employee through the scale within approximately ten years.

Going Forward:

- At 3 years in "position," employees in good standing adjust to 30% of scale if not already there. Target implementation in November 2025
- At 8 years in position, employees in good standing adjust to 70% of scale if not already there. Target implementation July 1, 2026
- Consider performance award opportunities in line with the revamped performance management system in coming years

Cost Impacts of Implementing Staff Recommendations

Financial Impact of HR Proposed Scenario Including Fringe* by Agency - In Millions $					
Fiscal Year	ELJPA	PCJPB	SAMTR	SMCTA	Total
FY2026 Nov-Jun	$ 0.01	$ 0.20	$ 0.28	$ 0.03	$ 0.52
FY2027	$ 0.01	$ 0.41	$ 0.67	$ 0.07	$ 1.16
FY2028	$ 0.02	$ 0.77	$ 0.97	$ 0.10	$ 1.86
FY2029	$ 0.03	$ 1.44	$ 1.56	$ 0.16	$ 3.18
FY2030	$ 0.03	$ 1.10	$ 1.44	$ 0.13	$ 2.69
FY26-FY30 Total	**$ 0.09**	**$ 3.91**	**$ 4.91**	**$ 0.49**	**$ 9.41**

* Fringe is calculated at 58.64% for PCJPB and 63.82% for the remainder of the agencies. These amounts are based on budgeted assumptions and are intentionally conservative, as some fringe benefits are fixed and will not affect incremental labor costs.

The Big Picture

	Support Recruitment	Support Retention	Potential Risks/Cost
Gallagher	Neutral	-	• Potential increase of attrition • Risk of destabilization and loss of productivity • Est. cost in year one $765,770 with fringe
Staff Recommendation	+	+	Approx. $9.4M for all agencies over 5 years with $520K cost in year one
Status Quo	-	-	No increase in market competitivity No increased support in recruiting talent Does not support retaining staff

Next Steps

October 2025	Present to the Samtrans Board Present to Caltrain Board as an Informational Item
November 2025	Propose adoption of recommendations and new Salary Ordinance to the SamTrans Board of Directors
November 2025	Bring staff below the minimum of new ranges to minimum Implement the 3-year and 30% adjustments for those who qualify
On-going	Ensure job levels are clearly defined and consistent with responsibilities
July 2026	Implement 8-year adjustments for those employees who qualify

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Thank You



Please email kramern@samTrans.com with any questions.