

# SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY

## Board Members

C. April Boling  
Chairman

Greg Cox  
Jim Desmond  
Mark Kersey  
Robert T. Lloyd  
Paul Robinson  
Johanna S. Schiavoni  
Michael Schumacher  
Mark B. West

## EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE MEETING and SPECIAL BOARD MEETING \*

### AGENDA

Thursday, May 30, 2019

10:00 A.M. or immediately following the Special Board Meeting

San Diego International Airport  
SDCRAA Administration Building -- Third Floor  
Board Room  
3225 N. Harbor Drive  
San Diego, CA 92101

## Ex-Officio Board Members

Cory Binns  
Col. Charles B. Dockery  
Jacqueline Wong-Hernandez

## President / CEO

Kimberly J. Becker

This Agenda contains a brief general description of each item to be considered. The indication of a recommended action does not indicate what action (if any) may be taken. If comments are made to the Committee without prior notice or are not listed on the Agenda, no specific answers or responses should be expected at this meeting pursuant to State law. **Please note that agenda items may be taken out of order.**

Staff Reports and documentation relating to each item of business on the Agenda are on file in Board Services and are available for public inspection.

**\*NOTE:** This Committee Meeting also is noticed as a Special Meeting of the Board to (1) foster communication among Board members in compliance with the Brown Act; and (2) preserve the advisory function of the Committee.

Board members who are not members of this Committee may attend and participate in Committee discussions. Since sometimes more than a quorum of the Board may be in attendance, to comply with the Brown Act, this Committee meeting also is noticed as a Special Meeting of the Board.

To preserve the proper function of the Committee, only members officially assigned to this Committee are entitled to vote on any item before the Committee. This Committee only has the power to review items and make recommendations to the Board. Accordingly, this Committee cannot, and will not, take any final action that is binding on the Board or the Authority, even if a quorum of the Board is present.

PLEASE COMPLETE A "REQUEST TO SPEAK" FORM PRIOR TO THE COMMENCEMENT OF THE MEETING AND SUBMIT IT TO THE AUTHORITY CLERK. **PLEASE REVIEW THE POLICY FOR PUBLIC PARTICIPATION IN BOARD AND BOARD COMMITTEE MEETINGS (PUBLIC COMMENT) LOCATED AT THE END OF THE AGENDA.**

## **CALL TO ORDER**

## **PLEDGE OF ALLEGIANCE**

## **ROLL CALL**

Committee Members: Boling, Cox, Desmond (Chair), Kersey

## **NON-AGENDA PUBLIC COMMENT**

Non-Agenda Public Comment is reserved for members of the public wishing to address the Committee on matters for which another opportunity to speak **is not provided on the Agenda**, and which is within the jurisdiction of the Committee. Please submit a completed speaker slip to the Authority Clerk. ***Each individual speaker is limited to three (3) minutes. Applicants, groups and jurisdictions referring items to the Board for action are limited to five (5) minutes.***

**Note:** Persons wishing to speak on specific items should reserve their comments until the specific item is taken up by the Committee.

## **NEW BUSINESS**

1. **APPROVAL OF MINUTES:**  
RECOMMENDATION: Approve the minutes of the April 25, 2019 regular meeting.
2. **PRESENTATION ON COMPENSATION STRUCTURE METHODOLOGY:**  
Presented by: Kurt Gering, Director, Talent, Culture & Capability and Andy Welt, Director & Head of Compensation Consulting Division, Marsh & McLennan

## **CLOSED SESSION**

3. **PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**  
Cal. Gov. Code §54957  
Title: President/Chief Executive Officer
4. **PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**  
Cal. Gov. Code §54957  
Title: General Counsel
5. **PUBLIC EMPLOYEE PERFORMANCE EVALUATION:**  
Cal. Gov. Code §54957  
Title: Chief Auditor

## **REPORT ON CLOSED SESSION**

## **COMMITTEE MEMBER COMMENTS**

## **ADJOURNMENT**

**Policy for Public Participation in Board, Airport Land Use Commission (ALUC), and Committee Meetings (Public Comment)**

- 1) Persons wishing to address the Board, ALUC, and Committees shall complete a "Request to Speak" form prior to the initiation of the portion of the agenda containing the item to be addressed (e.g., Public Comment and General Items). Failure to complete a form shall not preclude testimony, if permission to address the Board is granted by the Chair.
- 2) The Public Comment Section of the agenda is reserved for persons wishing to address the Board, ALUC, and Committees on any matter for which another opportunity to speak is not provided on the Agenda, and on matters that are within the jurisdiction of the Board.
- 3) Persons wishing to speak on specific items listed on the agenda will be afforded an opportunity to speak during the presentation of individual items. Persons wishing to speak on specific items should reserve their comments until the specific item is taken up by the Board, ALUC and Committees.
- 4) If many persons have indicated a desire to address the Board, ALUC and Committees on the same issue, then the Chair may suggest that these persons consolidate their respective testimonies. Testimony by members of the public on any item shall be limited to **three (3) minutes per individual speaker and five (5) minutes for applicants, groups and referring jurisdictions.**
- 5) Pursuant to Authority Policy 1.33 (8), recognized groups must register with the Authority Clerk prior to the meeting.
- 6) After a public hearing or the public comment portion of the meeting has been closed, no person shall address the Board, ALUC, and Committees without first obtaining permission to do so.

**Additional Meeting Information**

**NOTE:** This information is available in alternative formats upon request. To request an Agenda in an alternative format, or to request a sign language or oral interpreter, or an Assistive Listening Device (ALD) for the meeting, please telephone the Authority Clerk's Office at (619) 400-2400 at least three (3) working days prior to the meeting to ensure availability.

For your convenience, the agenda is also available to you on our website at [www.san.org](http://www.san.org).

**For those planning to attend the Board meeting, parking is available in the public parking lot located directly in front of the Administration Building. Bring your ticket to the third floor receptionist for validation.**

**You may also reach the Administration Building by using public transit via the San Diego Metropolitan Transit System, Route 992. The MTS bus stop at Terminal 1 is a very short walking distance from the Administration Building. ADA paratransit operations will continue to serve the Administration Building as required by Federal regulation. For MTS route, fare and paratransit information, please call the San Diego MTS at (619) 233-3004 or 511. For other Airport related ground transportation questions, please call (619) 400- 2685.**

**DRAFT**  
**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY**  
**EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE MEETING MINUTES**  
**THURSDAY, APRIL 25, 2019**  
**BOARD ROOM**

**CALL TO ORDER:** Chair Desmond called the Executive Personnel and Compensation Committee meeting to order at 10:04 a.m., on Thursday, April 25, 2019, in the Board Room of the San Diego International Airport, Administration Building, 3225 N. Harbor Drive, San Diego, CA 92101.

**PLEDGE OF ALLEGIANCE:** Amy Gonzalez, General Counsel led the Pledge of Allegiance.

**ROLL CALL:**

Present:                      Committee Members:              Boling, Desmond (Chair), Kersey

Absent:                        Committee Members:              Cox

Also Present:                Kimberly Becker, President/CEO; Amy Gonzalez, General Counsel;  
Tony R. Russell, Director, Board Services/Authority Clerk; Martha  
Morales, Assistant Authority Clerk I

**NON-AGENDA PUBLIC COMMENT:** None.

**NEW BUSINESS:**

**2.        COMPENSATION PHILOSOPHY GUIDING PRINCIPLES:**

Kurt Gering, Director, Talent, Culture & Capability; and AJ Jaspe, Compensation Consultant, Marsh & McLennan Insurance Agency LLC, provided an overview of the Authority's Compensation Project that included, Five-Year Strategic Plan, Project Objectives, Why is This Important, Project Outline, Current State Executive Summary, Assuring an Effective Compensation Philosophy, Benchmarks for Total Compensation, and Executive Considerations in Leveraging the Guiding Principles.

Chair Desmond suggested that employees participate in the benchmarking process, so that they feel part of the process and requested that the methodology on how the salary brackets will be determined, be brought back to the Committee along with who will be involved in making the determination.

Board Member Boling requested that number 3 of the Guiding Principles for Assuring an Effective Compensation Philosophy, be revised to also reference the alignment with the Authority's budgetary constraints.

Chair Desmond requested that staff begin tracking all turnover data.

Board Member Boling suggested that the turnover date be compared to unemployment rates.

**1. APPROVAL OF MINUTES:**

RECOMMENDATION: Approve the minutes of the January 24, 2019 regular meeting.

**ACTION: Moved by Board Member Boling and seconded by Board Member Kersey to approve staff's recommendation. Motion carried unanimously, noting Board Member Cox as ABSENT.**

**CLOSED SESSION:** The Committee recessed into Closed Session at 10:35 a.m. to discuss Item 3.

**3. CONFERENCE WITH LABOR NEGOTIATOR: (Labor negotiations pursuant to Cal. Gov. Code §54957.6):**

Authority Designated Negotiators: Kimberly Becker, Amy Gonzalez; Lee Kaminetz; Angela Shafer-Payne; Scott Brickner; Kurt Gering; Rod Betts, Paul Plevin, Sullivan & Connaughton LLP.

Employee Organization: Teamsters 911

The purpose of this closed session meeting is to review the Authority's position and instruct the Authority's designated representatives in negotiations with the recognized employee organization on employee benefits.

**REPORT ON CLOSED SESSION:** The Committee adjourned out of Closed Session at 11:25 p.m. There was no reportable action.

**COMMITTEE MEMBER COMMENTS:** None.

**ADJOURNMENT:** The meeting adjourned at 11:25 p.m.

APPROVED BY A MOTION OF THE SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE THIS 30<sup>TH</sup> DAY OF MAY, 2019.

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KURT GERING  
DIRECTOR,  
TALENT, CULTURE AND CAPABILITY

ATTEST:

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TONY R. RUSSELL  
DIRECTOR, BOARD SERVICES/  
AUTHORITY CLERK



WORLD CLASS. LOCAL TOUCH.

# SDCRAA Compensation Structure Methodology

Presented by:

Andy Welt, Head of Compensation Consulting, Marsh & McLennan Agency LLC

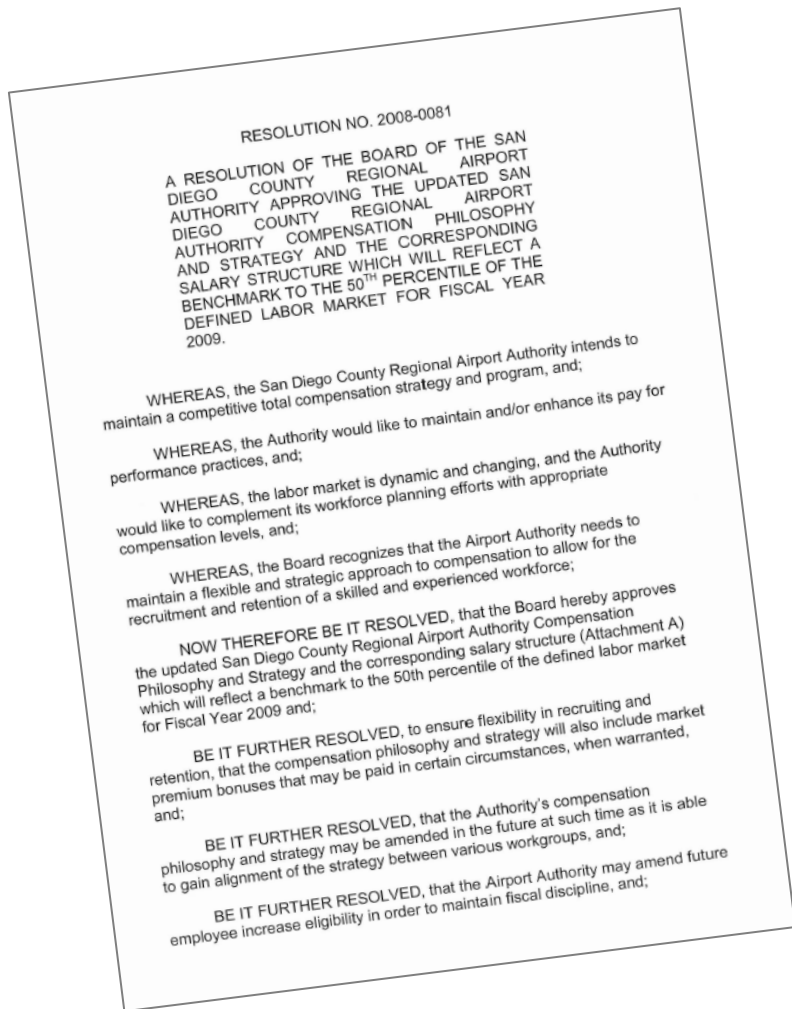
Kurt Gering, Director Talent, Culture & Capability, SDCRAA

May 30, 2019

# Agenda

- Background & Rationale
- Project Status
- Structure Methodology
  - Alternatives
  - Decision Band
  - Market Based
- Labor Markets
- Confirmation of Methodology

# Board Approved Compensation Philosophy 2008



## Compensation Philosophy

A well-designed compensation philosophy supports the organization's strategic plan, initiatives, and goals.

The philosophy is based on many factors, including:

- financial position
- size of the organization
- Industry
- business objectives
- market salary information
- level of difficulty in finding qualified talent

The compensation philosophy should be reviewed periodically and updated based on current factors affecting the business.



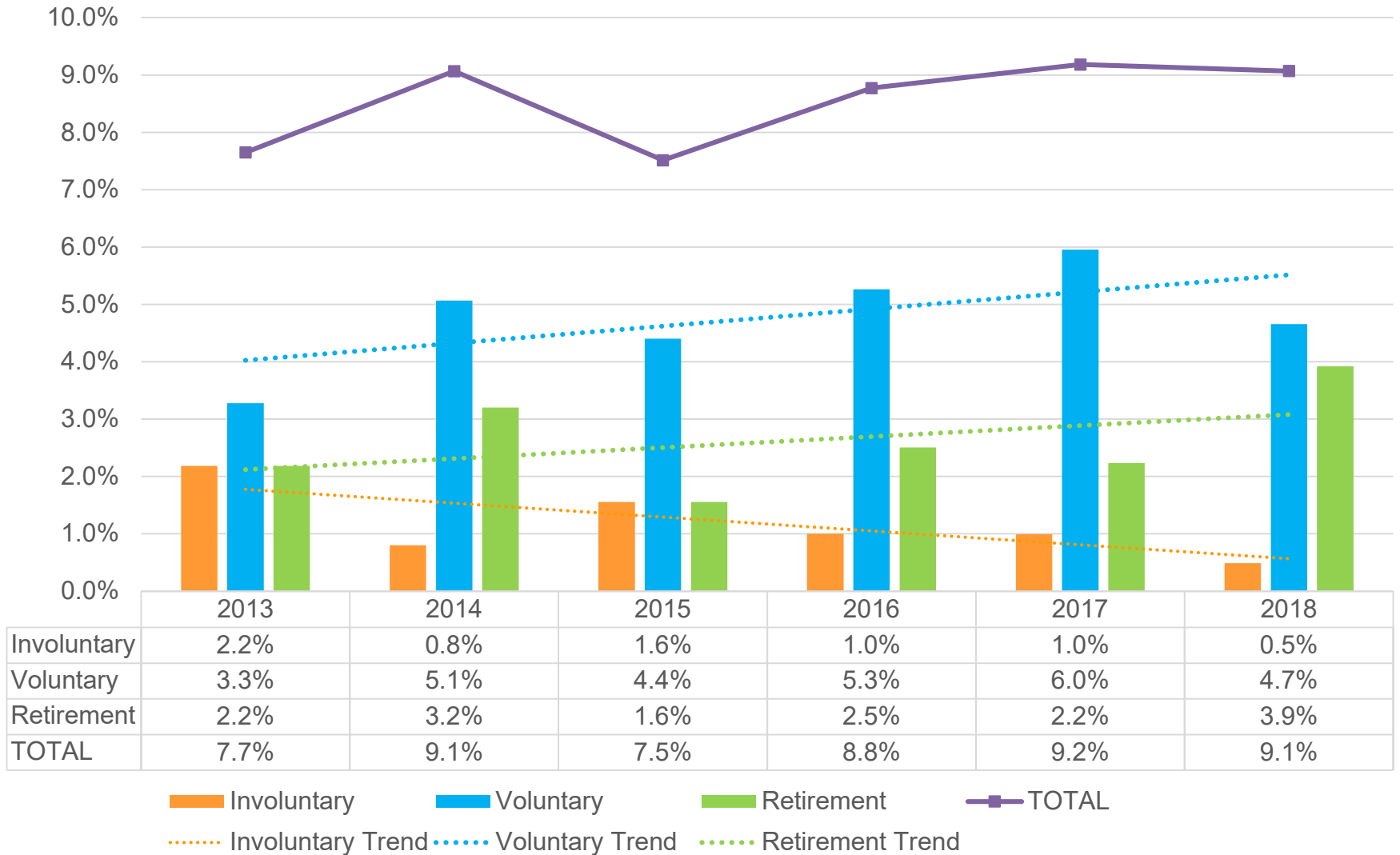
# Update Drivers

- New organizational strategy
- Highly competitive labor market
- Public Employee Pension Reform Act (PEPRA)
- Changing workforce demographics
  - Transparency
  - Equity

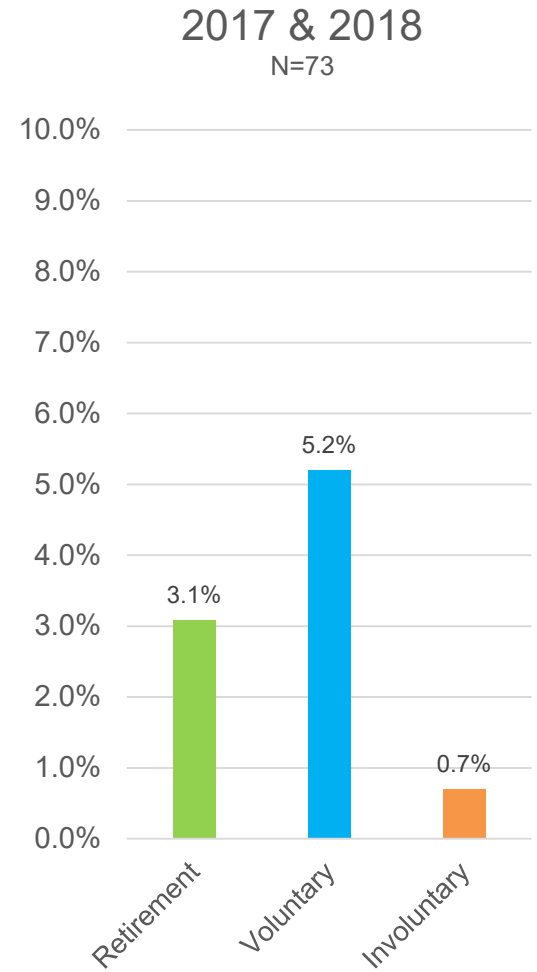
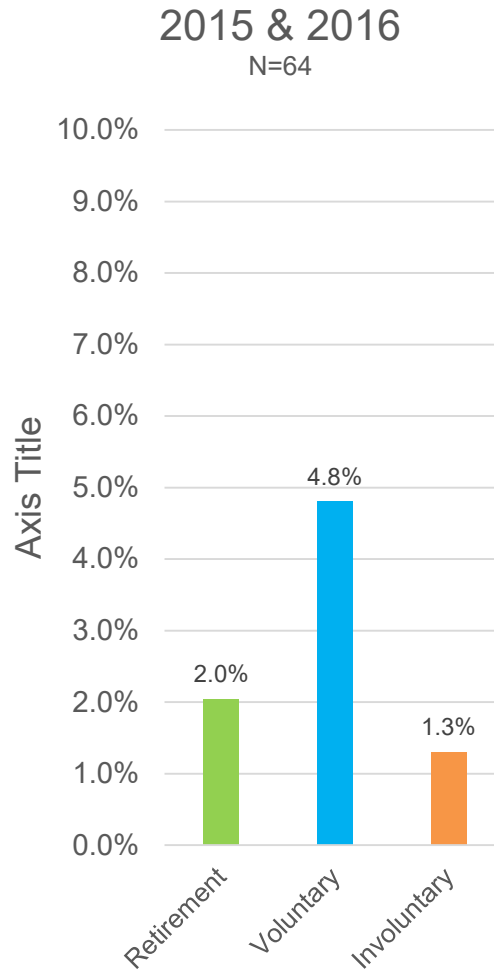
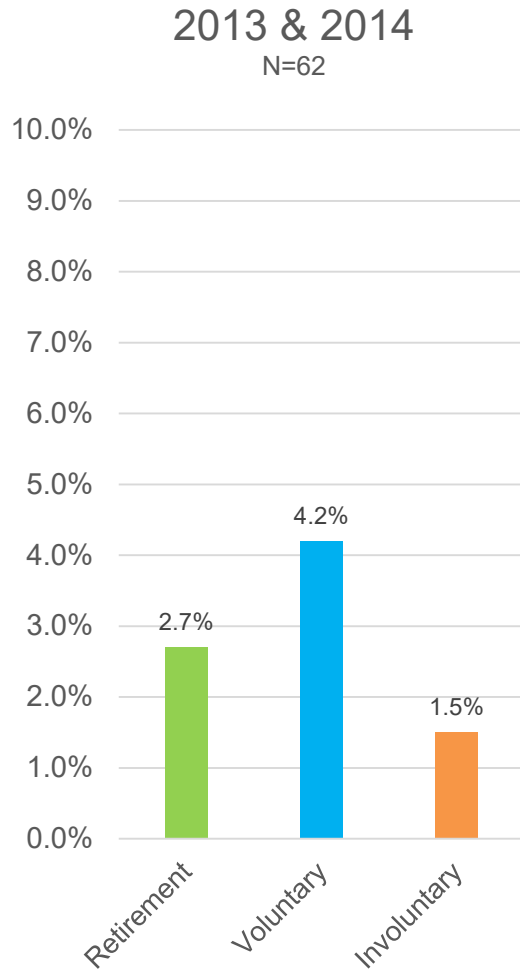
# SDCRAA Five-Year Strategic Plan



# Authority Turnover 2013 - 2018



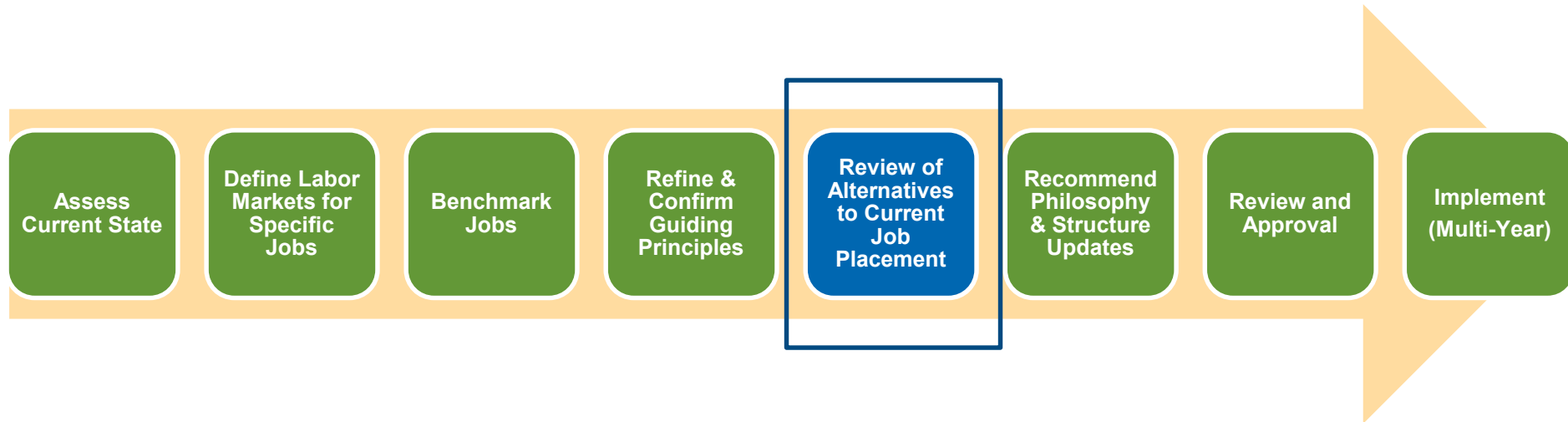
# Authority Turnover By Reasons



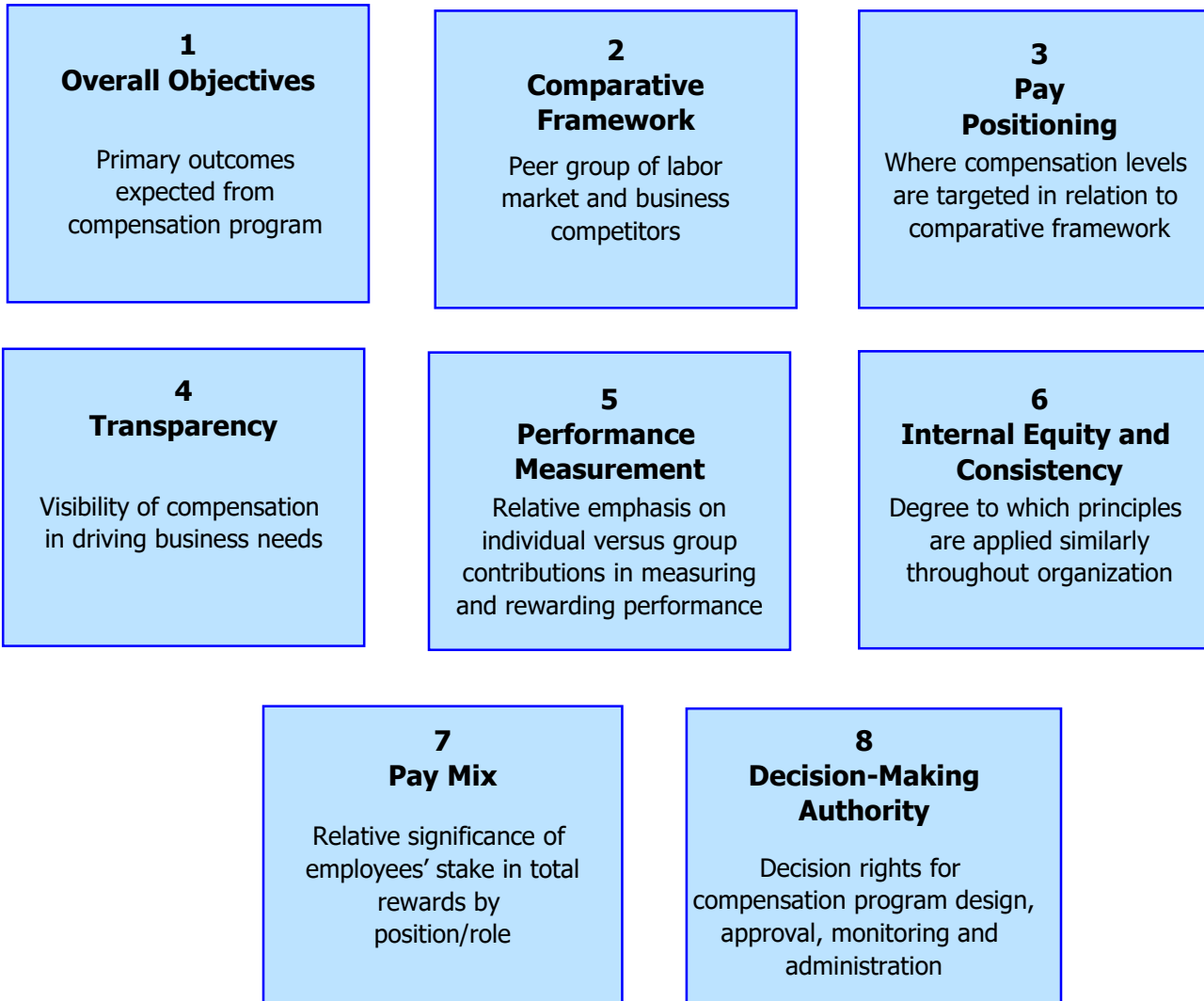
1. Executive Recruitment
2. Band Compression
3. Market Parity

# Project Status

- ✓ Ensure that SDCRAA is able to attract, retain and motivate the best talent
- ✓ Refine the approach to defining jobs and job levels
- ✓ Assess the external competitiveness of cash compensation & salary pay ranges.
- ✓ Assess impact of any potential recommendations and develop effective implementation strategies



# Compensation Philosophy Components

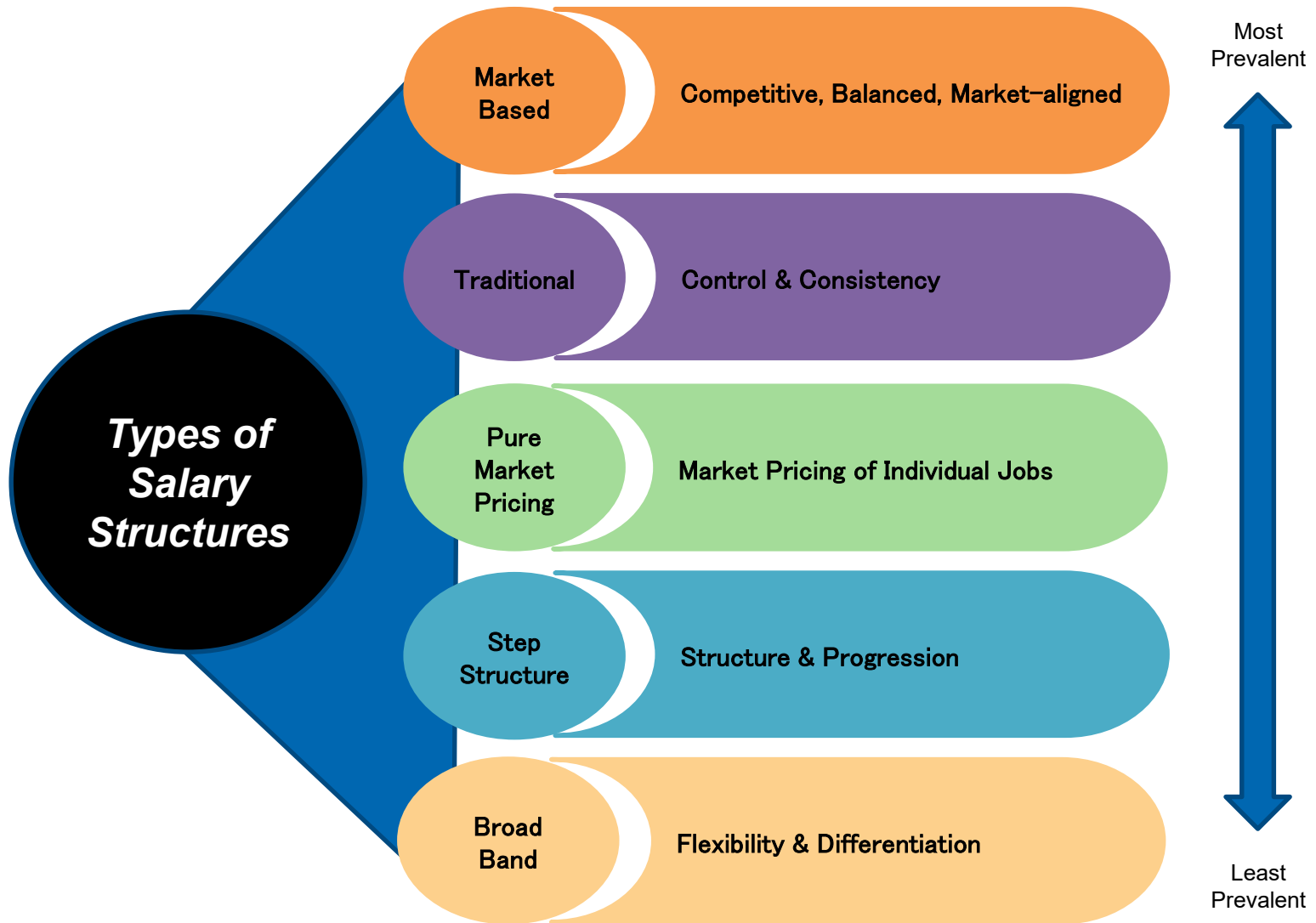


# SDCRAA Compensation Philosophy Guiding Principles

	<b>Confirmed by Executive Personnel &amp; Compensation Committee 4/25/19</b>
#1	Striving to recruit, retain and motivate the highest caliber talent.
#2	Rewarding employees based on pay-for performance
#3	Ensuring pay programs remain consistent and aligned with business objectives, the leadership style, organization culture, and are fiscally responsible (within budget parameters).
#4	Guiding the design and administration of total reward program over the long-term and ensuring compliance with statutory requirements
#5	Reviewing on a periodic basis to ensure that the pay programs are consistent with the reward, performance and communication objectives
#6	Articulating information on pay across the organization to ensure a high level of awareness and understanding by managers and employees.



# Salary Structure Alternatives



Source: "2018 Salary Structure and Practices Survey," World at Work and Deloitte Consulting LLP 2019.

# Authority's Current Job Evaluation & Salary Structure

- **Decision Band Method (DBM)**
- Traditional method in which the premise is that the value of a job to an organization depends on the level of responsibility (extent of decision making involved) in the job. It assumes that since all jobs require incumbents to make decisions, decision-making is a logical and equitable basis to compare jobs.
- Recognizes six levels of **decision** making within an organization
  - **F Band**
  - **E Band**
  - **D Band**
  - **C Band**
  - **B Band**
  - **A Band**
- Grades are then established by assessing the supervisory authority of the classification with each band having two grades:
  - Band A - Grades 0 (rarely used) and 1
  - Band B - Grades 2 and 3
  - Band C - Grades 4 and 5
  - Band D - Grades 6 and 7
  - Band E - Grades 8 and 9

# EXAMPLE Decision Band Structure

DBM Pay Code	Number Exempt/Non Exempt Classified/Unclassified	Classification Title	Annual Salary Range		
			Annual Salary Minimum	Annual Salary Mid-point	Annual Salary Maximum
E83	A103/E/U	Vice President, Treasurer & Chief Financial Officer	\$135,864	\$190,211	\$244,557
	A102/E/U	Vice President & Chief Development Officer			
	A112/E/U	Vice President, Marketing, Innovation Chief Revenue Officer			
	A106/E/U	Vice President & Chief Operating Officer			
D72	B211/E/U	Senior Director, External Relations	\$115,156	\$158,340	\$201,523
	G209/E/U	Senior Director, Finance & Asset Management			
D71	E110/E/U	Director, Airport Planning & Environmental Affairs	\$106,962	\$147,074	\$187,185
	A207/E/U	Director, Counsel Services			
	C201/E/U	Director, Airport Design & Construction			
D63	H101/E/U	Director, Airport Design & Construction	\$101,984	\$137,678	\$173,373
	D124/E/U	Director, Terminal & Airside Operations			
	D412/E/U	Director, Aviation Security & Public Safety			
	D301/E/U	Director, Facilities Management			
	G201/E/U	Director, Financial Planning & Budget			
	F301/E/U	Director, Information & Technology Services			
	F322/E/U	Director, Customer Experience & Innovation			
	F201/E/U	Director, Talent, Culture & Capability			
	B201/E/U	Director, Communications			
	C101/E/U	Director, Revenue Management			
	B124/E/U	Senior Director, Marketing & Air Service Development			

# Compensation Structure Recommendation

## Market Based Approach

- A grade structure will provide a set of pay ranges, with jobs assigned to a grade based primarily on their market rate compared to the midpoint.
- The number of grades and progression of midpoints from one grade to the next is based on assessment of market pay from lowest to highest salary and typical salary progression between job levels.
- In a market salary structure, job grade assignment will be determined based on market data for each job and not based on the decision level of the role.
  - In this example, an HR Manager III for example, could be slotted in grade 8, which would be the same as a Ops Manager II and Engineering Manager I

Grade	Min.	Mid.	Max.	Information Technology	Human Resources	Engineering
9S	\$155.54	\$222.20	\$288.86	Director, IT		Program Manager
8S	\$132.21	\$188.87	\$245.53	Sr. Manager IT Systems		Sr. Engineer
7S	\$112.38	\$160.54	\$208.70	Manager, IT Systems	Director, HR	Engineer II
6S	\$95.52	\$136.46	\$177.40	System Analyst III	Manager, HR	Project Manager
5S	\$81.19	\$115.99	\$150.78	Systems Analyst II	Sr. Business Partner	Engineer 1

EXAMPLE

# EXAMPLE Grade Level Structure

## Salaried Structure

Example Salary Grade	Salary Grade Range			Midpoint Progression <sup>1</sup>	Range Spread <sup>2</sup>	Slotting Floor
	Min.	Mid.	Max.			
11S	\$365.80	\$475.50	\$585.20	30.0%	60%	\$420.65
10S	\$281.40	\$365.80	\$450.20	30.0%	60%	\$323.60
9S	\$212.40	\$281.40	\$350.40	25.0%	65%	\$253.25
8S	\$169.90	\$225.10	\$280.30	25.0%	65%	\$202.60
7S	\$135.90	\$180.10	\$224.30	25.0%	65%	\$162.10
6S	\$113.00	\$144.10	\$175.20	20.0%	55%	\$132.10
5S	\$94.20	\$120.10	\$146.00	20.0%	55%	\$110.10
4S	\$78.50	\$100.10	\$121.70	20.0%	55%	\$91.75
3S	\$68.10	\$83.40	\$98.70	15.0%	45%	\$77.95
2S	\$59.20	\$72.50	\$85.80	15.0%	45%	\$67.75
1S	\$51.40	\$63.00	\$74.60		45%	\$0.00

## Hourly Structure

Example Salary Grade	Salary Grade Range			Midpoint Progression <sup>1</sup>	Range Spread <sup>2</sup>
	Min.	Mid.	Max.		
8H	\$29.90	\$35.90	\$41.90	15.0%	40%
7H	\$26.00	\$31.20	\$36.40	15.0%	40%
6H	\$22.60	\$27.10	\$31.60	15.0%	40%
5H	\$20.10	\$23.60	\$27.10	15.0%	35%
4H	\$17.40	\$20.50	\$23.60	15.0%	35%
3H	\$15.10	\$17.80	\$20.50	15.0%	35%
2H	\$13.20	\$15.50	\$17.80	15.0%	35%
1H	\$11.50	\$13.50	\$15.50		35%

<sup>1</sup> Midpoint Progression is the percentage increase from one grade midpoint to the of the next higher grade.

<sup>2</sup> Range Spread is a measure of grade width, calculated as follows: (Max - Min) /

# Methodology Comparison

Methodology	Pro's/Con's
Decision Band (Current Approach)	<p><b>Pro's:</b></p> <ul style="list-style-type: none"><li>• used by a few major employers</li><li>• not particularly complex, and</li><li>• responsive to peer relationships based on traditional hierarchical management structures.</li></ul> <p><b>Con's:</b></p> <ul style="list-style-type: none"><li>• narrow criteria, with responsibilities cut into a variety of segments to carry substantially all the weight and relatively little attention given to skill, effort and working condition factor categories</li><li>• generally weak link to business priorities</li><li>• lack of historical validation or testing.</li></ul>
Market Based (Recommended Approach)	<p><b>Pro's:</b></p> <ul style="list-style-type: none"><li>• achieves correct balance between external competitiveness and internal equity</li><li>• job pay levels will create a common and consistent platform enabling:<ul style="list-style-type: none"><li>▪ Clarity on performance expectations by level</li><li>▪ Job families and levels to help employees understand their expectations and how they can get to the next level</li><li>▪ Common ground for promotions</li></ul></li></ul> <p><b>Con's:</b> Requires frequent market assessments to ensure ongoing competitive alignment</p>

# Recommended Comparative Framework

- To effectively recruit talent the Authority must position itself against a peer group of labor market competitors.
- The defined Labor Markets in which the Authority competes include:
  - U.S. Airports
    - Airport Size: Large
    - Location: National
  - All Industries Diversified
    - Company Size: up to \$600,000,000 revenue
    - Location: Local
  - Government – State Support Services
    - Major Cities (San Diego, Los Angeles, San Francisco, Sacramento, Orange County, Oakland, San Jose)
    - Location: Regional
- Survey sources currently under use:
  - **Economic Research Institute**
  - **Western Management Group – Airports Council International Compensation Survey**

Discussion & confirmation of approach.





**MARSH & MCLENNAN**  
**AGENCY**

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