

**SAN DIEGO COUNTY REGIONAL AIRPORT AUTHORITY  
SPECIAL EXECUTIVE PERSONNEL AND COMPENSATION COMMITTEE  
MINUTES  
FRIDAY, MAY 2, 2008  
BOARD ROOM**

**CALL TO ORDER:**

Chairperson Watkins called the meeting of the Executive Personnel and Compensation Committee to order at 9:10 a.m., Friday, May 2, 2008, in the Board Room of the San Diego International Airport, Commuter Terminal, 3225 N. Harbor Drive, San Diego, CA 92101.

**PLEDGE OF ALLEGIANCE:** Anne Warren, Board Administrator, led the pledge of allegiance.

**ROLL CALL:**

PRESENT: Committee Members: Finnila, Miller, Watkins

ABSENT: Committee Members: None

ALSO PRESENT: Thella F. Bowens, President/CEO; Breton Lobner, General Counsel; Maritza C. Steele, Assistant Authority Clerk II; Linda Gehlken, Assistant Authority Clerk I

**PUBLIC COMMENT:** None

**NEW BUSINESS:**

**1. DISCUSSION REGARDING THE AUTHORITY'S WAGE AND SALARY STRUCTURE:**

Jeffrey Woodson, Vice President, Administration, stated that for the last six months staff has been reviewing how to handle salary compensation issues. He stated that the Authority has engaged the consulting firm of Fox Lawson & Associates to perform compensation review, and to assist the Authority with maintaining a wage and compensation structure that ensures market competitiveness.

Jeffrey Lindeman, Director, Human Resources, presented an overview of the Authority's Compensation Philosophy. He stated that Fox Lawson & Associates were retained to benchmark the current salary ranges against market rates. Mr. Lindeman stated that the Authority has launched a multi-year strategy for benchmarking salary ranges by conducting a survey of 17

agencies. He stated that the private sector was also analyzed. Based on this analysis, Mr. Lindeman stated that staff is making the following recommendations: 1) benchmarking Authority wage rates to the third quartile at 50%; 2) implementing a flexible bonus structure; 3) changing the performance increase eligibility structure for at-will and classified employees; 4) allow for future adjustments to the Compensation Philosophy to align future pay practices between work groups; and 5) introduce a gain sharing component to compensation for all non-represented employees in FY2010.

In response to Board Member Finnila regarding the correlation between an aging work force and the need for enhancement to the salary structure, Bruce Lawson, Fox Lawson & Associates, stated that in accordance with the Census Bureau of Labor Statistics, and based on demographics, the pool of qualified applicants is predicted to be scarce. He recommended that flexibility be maintained in the salary structure percentile to ensure competitiveness.

In response to Chairperson Watkins regarding how compression is managed within a random flexible pattern of salary structure, Mr. Lawson stated that it has been observed over the last twenty years that pay structures have compressed in public sector employers. He stated that lower level jobs have increased in compensation level at a greater rate than in higher level jobs. He also stated that public sector employers have typically had a very narrow and specific job classification structure, and are now focusing on the type and level of work rather than finite duties. He stated that inversion is occurring as certain technical positions in lower level employees are being compensated at a rate that surpasses that of their supervisors.

In response to Chairperson Watkins regarding what percentage of the work force would create the greatest difficulty in tracking specialization, Mr. Lindeman stated that it is difficult to predict because some positions are more challenging to retain than others.

Chairperson Watkins stated that based on his experience, he is most comfortable with a "pay for performance" salary structure.

Mr. Woodson stated that there are positions which are extremely difficult and challenging to fill due to not only the availability of the candidates, but the competitiveness in the market. Mr. Woodson stated that having flexibility in the salary structure can ensure timely action by the Authority in securing qualified candidates as they become available.

Thella F. Bowens, President/CEO, stated that the Authority is gradually addressing various issues in regard to compensation, and how these relate to the public's perception of how public agencies operate. She stated that the greatest obstacle to a "pay for performance" process is the civil service and

represented portion of the Authority's organization. She stated that it is important to ensure a clear understanding within the organization of the reasoning process, and the benefit of moving towards a pay for performance system in the future.

Chairperson Watkins stated that he favors a long term planning approach of tracking when determining future personnel needs.

Mr. Lindeman stated that approximately one third of the work force at the Authority is currently classified as "pay for performance" positions.

In response to Board Member Finnila as to whether aviation specific positions are recruited in the same manner as other positions, Mr. Lindeman stated that a very specific and specialized recruitment process is generated in this regard.

In response to Board Member Finnila regarding viewing a sample "pay for performance" evaluation tool to ascertain the level of complexity needed to be able to reach a "bonus" level, Mr. Lindeman stated that staff would provide the information.

In response to Board Member Finnila regarding whether there is a bonus program at the Authority, Ms. Bowens stated that there is not. She suggested that a "performance bonus" program be considered.

Chairperson Watkins suggested that in lieu of an "entitlement" process that compensates five to ten percent a year, he would like to encourage a process that compensates for over achievement. He stated his support for forwarding to the Board the staff recommendations and suggested that staff be prepared to provide the Board detail information relating to the compression issue, as well as specifics regarding how flexibility is required to balance out the process.

In response to Board Member Finnila's concern regarding how the Authority could be protected against unforeseen factors such as market variable comparison rates in a volatile market, Mr. Lawson stated that the Authority is a stand alone entity, and that geographic differentials are standardized and applied in such a situation.

*Board Member Miller arrived at the meeting at 9:55 a.m.*

In response to Board Member Miller regarding whether airports operating in charter counties share the same compensation salary structure as that of a City or County, Mr. Lawson stated that there are fluctuations, and some may be compensated the same.

In response to Chairperson Watkins regarding whether there has been a salary comparison made to the private sector, Mr. Lindeman stated that 20 of the 50 positions benchmarked were against private sector data.

Mr. Woodson provided a recap of the outstanding issues that will be followed up by staff: 1) provide the Committee with the performance management assessment tool for pay for performance; 2) provide a strategy or plan on addressing challenging recruitments; 3) develop a bonus program to reward outstanding achievement; 4) highlight or bring examples of difficult recruitments; 5) develop strategies to address compression; and 6) identify airport owners on comparative tables.

Chairperson Watkins stated it was important that any future bonus program developed be quantitative, very focused, and merit based.

Mr. Woodson stated that implementation of a bonus program will most likely not be until the FY2010.

**Action: Moved by Board Member Finnila and seconded by Board Member Miller to forward this item to the Board for consideration and to accept the staff recommendations. Motion carried unanimously.**

**PUBLIC HEARINGS:** None

**CLOSED SESSION:** The Committee recessed into Closed Session at 10:10 a.m. to discuss Item 2.

- 2. CONFERENCE WITH LABOR NEGOTIATOR:**  
**(Government Code Section 54957.6)**  
**Authority Negotiators:** Thella F. Bowens, President/CEO and Jeffrey Woodson, Vice President, Administration  
**Employee Organization:** Teamsters 911

**REPORT ON CLOSED SESSION:** The Committee reconvened into Open Session at 11:00 a.m. There was no reportable action.

**ADJOURNMENT:**

The meeting was adjourned at 11:05 a.m.. The next regular meeting will be held on Thursday, June 19, 2008 at 10:00 a.m., in the Board Room at the San Diego International Airport, Commuter Terminal, 3225 N. Harbor Drive, San Diego, CA 92101.

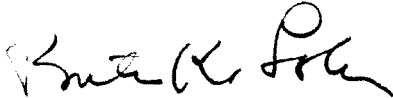
APPROVED BY A MOTION OF THE EXECUTIVE PERSONNEL AND  
COMPENSATION COMMITTEE OF THE SAN DIEGO COUNTY REGIONAL  
AIRPORT AUTHORITY THIS 19TH DAY OF JUNE, 2008.



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MARITZA C. STEELE, CMC  
ASSISTANT AUTHORITY CLERK II

APPROVED AS TO FORM:



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BRETON K. LOBNER  
GENERAL COUNSEL