



COMPENSATION AND BENEFITS

Metrorail Safety Commission (MSC)

An independent body responsible for safety oversight of the Metrorail system

Today's Agenda

2

- **MSC Compensation Philosophy & Policy**
 - Overall direction on where to spend MSC's compensation budget. How this compensation plan supports MSC's start up, critical mission and short and long term staffing goals.
- **Executive Director's Total Compensation Package**
 - Salary & Benefits Benchmarks
 - Benefits/Perks Package and Estimated Costs
- **Benefit Package for MSC Employees**
 - Review package levels to be selected in order to meet costing and regulatory requirements
 - Professional Employer Organizations – PEOs

Compensation Philosophy & Policy

3

Given the critical and independent role of MSC and the foundation by which it was created, the Pay and Benefits Program calls for a compensation philosophy based on the following:

- Fair, equitable and defensible
- Fiscally sensitive as MSC uses public funds
- Legally compliant
- Competitive - In line with the target job market and benchmark organizations to be able to attract and retain qualified employees
- Unique nature of MSC's positions and limited potential job market
- Supports MSC short and long term staffing goals: i.e.
 - Hiring a highly qualified Executive Director in 2018
 - Staffing Plan to Secure Certification by April 2019 deadline
 - Long term ability to attract and retain competitive candidates
 - Anticipate the use of consultants/contractors and temp measures

Executive Director's Compensation

4

Executive compensation and benefits packages vary significantly across industries, regions, sizes, budgets and details are often closely held. For MSC's Executive Director position the following market data were considered:

Salaries for Executive Directors, Chief Admin Officers, County Executives	Low	High	Average Salaries
CAOs – 24 Local Jurisdictions/COG Members	\$133,595	\$312,288	\$213,818
Associations (Rail, Transportation, Highway, Regional)	204,680	\$318,293	\$260,000
Other SSOA's – 8 Agencies	\$79,863	\$166,723	\$111,044
CEOs – WMATA, MWAA <i>(For Reference Only)</i>	\$397,500	\$438,617	\$405,944
MSC/SSOA Executive Director (Plan A & B) - Proposed Salary – Adjusted for cost of living in the D.C. region.	\$185,000 Plan B	259,335 Plan A	
Management or Executive Jobs Normal Salary Range Spread is 50% (Using Average Salary of \$214,000 as midpoint)			Min. \$171,200 Mid. \$214,000 Max. \$250,800

Executive Director's Benefits & Perks

5

In addition to basic core benefits provided to all MSC employees, executive perks and benefits may include the following:

Basic Benefits	Other Benefits & Perks
Retirement Plan	Deferred Comp
Paid Time Off (PTO)	Additional Leave/Extended SL
Qualified Transit/Parking	Car or Car Allowance
Medical	Cell Phone or Allowance
Group Welfare Plan (Dental, Vision, FSA)	Laptop/Tech Gadgets
STD/LTD/Life Insurance	Performance Merit
Tuition Assistance	Expense Account
Holiday Leave	Professional Dues/Other Membership Dues
	Employment Contract

Example: CAOs Benefits for Jurisdictions	Deferred Comp.	Car or Allowance
City of Alexandria	\$10,000	\$7200 Annually
Charles County	\$9,478	Car
City of Bowie	YES	Car
City of College Park	3%Deferred Comp	City Vehicle
City of Gaithersburg	5% to 401 (a)	\$600/month
City of Fairfax	\$8,000 annual	\$6000 annual
City of Falls Church	\$8,000	NONE
City of Greenbelt	3% deferred comp	City Vehicle
City of Manassas		\$700/month
City of Manassas Park		
City of Rockville	10% of Salary	5400/year
City of Takoma Park	Match 2% of Sal.	None
Town of Bladensburg	Yes	Yes
Arlington County	\$25,000	\$7,200
District of Columbia	IRS Max. Allow.	None
Town of Vienna	2%+2% match	Town Vehicle
Fairfax County	max. allow.	8100/year
Fairfax Water	NONE	Authority Car
Frederick County Gov't	N/A	NONE
Loudoun County Gov't	\$7,200	None
MNCPPC	None	Car
Montgomery County	None	None
Prince George's County	None	Vehicle
Prince William County	\$9,000	\$7,200

Benchmarks for MSC Employees' Benefits

6

Using state, local governments and private organizations as benchmarks

BENCHMARKS

COST OF BENEFITS

- *Local jurisdictions benefit cost in the region is around 25% to 40% of base salary.*
- *State and Local Govt. nationwide is 37.4%*
- *Private Companies Nationwide - 30.0%*
(Source: 12/2017 Report – BLS Department of Labor)
- ***MSC Target Benefit Cost – 33.3%***

BENEFITS	BASIC PACKAGE	MEDIUM	HIGH COST BENEFIT PACKAGE
Retirement	Simple 403B	With % Match	Defined Pension + Deferred Compensation
Paid Leave (VL, SL, Combined Paid Time Off, Extended SL)	12 Days Vacation 10 Days SL	12 Days Vacation 10 Days SL	Based on years of service, leave accrual goes up. 20 Days VL, Extended Sick Leave
Holiday Leave (10 Days)	10 Days	10 Days + Floating	10 Days + Floating Day
Health Insurance	50%	75-80%	100%
Dental/Vision	Voluntary	Combined w/ Health Ins. – 80%	Fully Paid
STD	x	x	x
LTD	x	x	x
FSA	x	x	X
Professional Membership	None	50% off Cost	Fully Paid
Commuter Benefit	Limited Amount	Maximum Allowed	Maximum Allowed
Cell Phone	None	Discount	Company Provided Cellphone
Life Insurance	Voluntary	Paid Life Insurance Equivalent to 1 year salary	Paid Life Insurance 3 x salary.
Tuition Assistance	\$1000	\$2000	\$3000 to \$5000
<i>Legally Required Benefits</i>	<i>(The grouping includes Social Security, Medicare, federal and state unemployment insurance, and workers' compensation. This group accounts for about 7.5 to 8% of benefit costs)</i>		

Example of ED's Benefits Package

7

Based on Midpoint Salary of \$214,000
MSC Benefits Budget: 33.3% of Salary

Basic Benefits – Estimated Costs		Enhanced Benefits – Estimated Costs	
Retirement Plan – Safe Harbor (4%)	\$8560	Deferred Comp 401(A) (IRS Max)	\$18,500
Paid Time Off (21 PTO) 10 Holidays	\$25,513	21 Days PTO and 10 Holidays	\$25,513
Qualified Transit/Parking (\$255 max)	\$3600	Car or Car Allowance (\$600)	\$7200
Medical (80%)	\$16,320	Medical (80%)	\$16,320
Dental (1051.65) Vision (180.48)	Voluntary	Dental/Vision	Voluntary
STD (67.56) LTD (660.00)	\$728	STD/LTD	\$728
EAP (12.00)	\$144	EAP (\$12/month)	\$144
Basic Life (78.00)	\$936	Basic Life Insurance	\$936
<i>Total Cost for Basic Benefits</i>	\$55,801	<i>Total Cost for High Level Benefits</i>	\$69,341
<i>Percentage Cost of Benefits</i>	(26% of Base Salary)	<i>Percentage Cost of Benefits</i>	(32.4% of salary)
TOTAL COMPENSATION	\$269,801		\$283,341

ED's Estimated Benefit Costs

8

<i>Basic</i>		<i>Mid-Range</i>		<i>High- End</i>	
Plan	Total Cost	Plan	Total Cost	Plan	Total Cost
medical, 90% employee only coverage	\$ 7,020.00	Medical, 80% toward each tier	\$ 16,320.00	Medical, 80% toward each tier	\$ 16,320.00
dental, employee paid	\$ -	dental, 80% toward each tier	\$ 1,051.68	dental, 80% toward each tier	\$ 1,051.68
vision, employee paid	\$ -	vision, 80% toward each tier	\$ 180.48	vision, 80% toward each tier	\$ 180.48
STD, employer paid core	\$ 67.56	STD, employer paid core	\$ 67.56	STD, employer paid core plus buy up	\$ 100.00
LTD, employer paid core	\$ 660.00	LTD, employer paid core	\$ 660.00	LTD, employer paid core plus buy up	\$ 1,000.00
Basic Life employer paid core	\$ 78.00	Basic Life employer paid core	\$ 78.00	Basic Life employer paid core	\$ 78.00
Supplemental Life Insurance	\$ -	Employee paid	\$ 494.00	Employee paid	\$ 988.00
Medical/Dental FSA	\$ 78.00	Medical/Dental FSA	\$ 78.00	Medical/Dental FSA	\$ 78.00
Transit/Parking	\$ 63.00	Transit/Parking	\$ 63.00	Transit/Parking, Employer subsidized, max \$260 each account per month	\$ 6,303.00
EAP	\$ 12.00	EAP	\$ 12.00	EAP	\$ 12.00
Tuition Assistance grant per year	\$ 1,000.00	Tuition Assistance grant per year	\$ 2,000.00	Tuition Assistance grant per year	\$ 3,000.00
Retirement plan	\$ 10,400.00	Retirement plan	\$ 10,400.00	Retirement plan	\$ 10,400.00
Total without PTO	\$ 19,378.56	Total without PTO	\$ 31,404.72	Total without PTO	\$ 39,511.16
PTO and holidays (nonproductive time)	\$ 26,250.00	PTO and holidays (nonproductive time)	\$ 26,250.00	PTO and holidays (nonproductive time)	\$ 41,375.00
Total with PTO	\$ 45,628.56	Total with PTO	\$ 57,654.72	Total with PTO	\$ 80,886.16
Expressed as FBR	18%	Expressed as FBR	22%	Expressed as FBR	31%

Source: CliftonLarsonAllen

Based on Recommended Plan B Salary of \$260,000
MSC Benefits Budget: 33.3% of Salary

Other Benefit Costs

9

Suggested Benefit	Basic	Mid-Range	High-End
Car allowance or leased vehicle	FAR/IRS limits - publication 463: https://www.irs.gov/pub/irs-pdf/p463.pdf		
Projected Cost		\$ 5,748.00	8457.6
Housing Allowance	FAR/IRS limits - housing allowances DC: https://www.irs.gov/businesses/small-businesses-self-employed/district-of-columbia-local-standards-housing-and-utilities		
Projected Cost		\$ 2,736.00	\$ 3,051.00
Cell Phone Allowance	\$ 300.00	\$ 600.00	not specifically reported
Deferred comp - ensure IRS limits met, generally 18,500 total DC plans or if over 50, \$24,500	\$ 2,000.00	\$ 4,000.00	not specifically reported
Additional paid time off	nonproductive time at base rate		
Free transit	Metro card, \$200 per month		
Relocation services	FAR/IRS limits	FAR/IRS limits	FAR/IRS limits
Supplemental life	whole life policy \$100,000	whole life policy for \$100,000 and \$50,000 spousal life	not specifically reported
Projected cost	\$ 1,200.00	\$ 1,350.00	not specifically reported
Extended Sick Leave to Supplement Approved LTD, projected cost, this is an ESL supplement to the LTD plan (for up to 1 month on basic and up to to 4 mos on recommended*	\$ 8,666.67	\$ 34,666.67	not specifically reported
Total w/o ESL option**	\$ 3,700.00	\$ 14,634.00	\$ 17,658.60
Total with ESL option	\$ 12,366.67	\$ 49,300.67	\$ 52,325.27
*Remember the ESL option is not a fixed cost, it's only a cost if used.			
**Average package in peer group was between \$4000 and \$6000			

Source: CliftonLarsonAllen

PEO Plan Administrator

10

- What a Professional Employer Organization (PEO) can offer:
 - PEOs can offer payroll, worker's comp, unemployment, and a training module and can help mobilize the MSC from day one.
 - Some PEOs offer health insurance as a part of their platform, some do not.
 - Regardless of whether the PEO offers a plan or not, MSC will be free to choose to go with the exchange.
 - MSC can also join COG's Healthcare Coalition subject to approval by other members. This can still be administered through the PEO.

Next Steps & QA

11

- Finalize salary and benefit package for ED
 - Annual Review Process – Bonus & Merit Provisions
 - Employment Contract
- Select MSC staff benefit package in accordance with established budget.
- Decide Whether to Go with A PEO.
 - *(Note: PEO proposals have been submitted to CliftonLarsonAllen and are currently being evaluated)*

Questions?

12

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