

## *Port Authority of Allegheny County*

### **HUMAN RESOURCES DIVISION**

#### **Overview:**

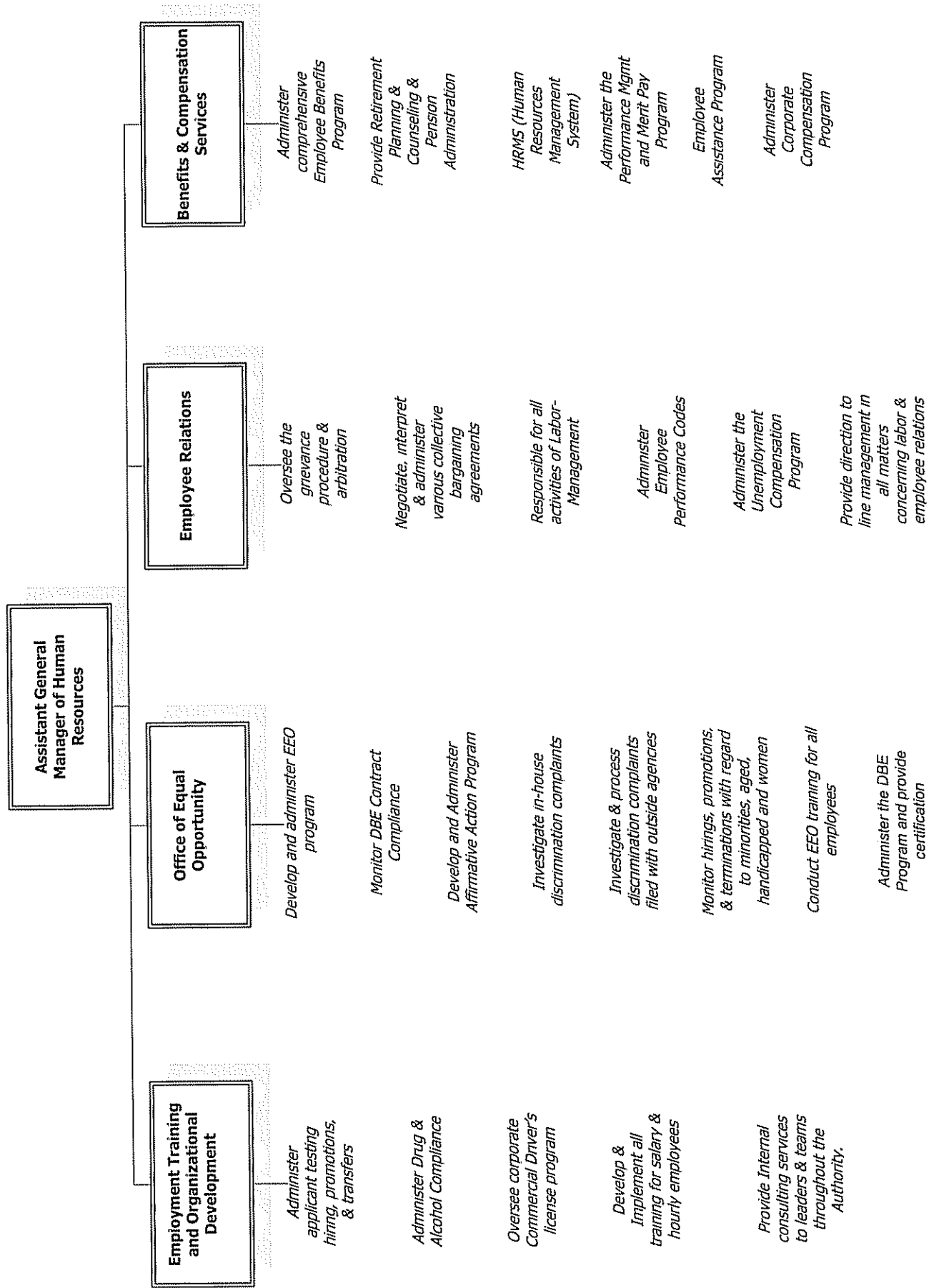
The Human Resources Division is the second largest expense component of Port Authority's FY2007 operating budget behind the Operations Division due to the inclusion of all company healthcare expenses within the division. The Human Resources Division is comprised of the following departments: Employment, Training & Organizational Development, Benefits & Compensation Services, Office of Equal Opportunity and Employee Relations. This division provides a full range of human resources services to Port Authority including the administration of healthcare, life insurance, unemployment compensation and other employee benefits programs, as well as training and organizational development.

During FY2006, bargaining continued with Port Authority's unions and settlement was reached on all five collective bargaining agreements: Amalgamated Transit Union (ATU) Local 85, Rank & File; ATU Local 85, First Level Supervisors; Port Authority Transit Police Association (PATPA) Officers; PATPA Sergeants & Lieutenants; and the International Brotherhood of Electrical Workers (IBEW) Local 29, Clerical Unit. In addition, the Human Resources Division launched its Succession Planning Program which provides a systematic approach for transition in leadership within the organization. This program is designed to identify internal talent and provide selected employees with developmental opportunities that focus on the skills and knowledge

essential for key positions within the Authority. Human Resources also implemented Medicare Part D, which is anticipated to generate approximately \$500,000 in annual prescription drug subsidy from Medicare. The division continues to support various modules in the PeopleSoft Human Resources Management System (HRMS) and works on system enhancements and business process improvements to eliminate repetitive activities within the organization and improve information flow and delivery of services. One such enhancement planned for this fiscal year is the implementation of PeopleSoft eApplications, which are web-based applications that will allow our employees and retirees to enroll, view and update benefits and personal information on-line.

**Figure 3.5**

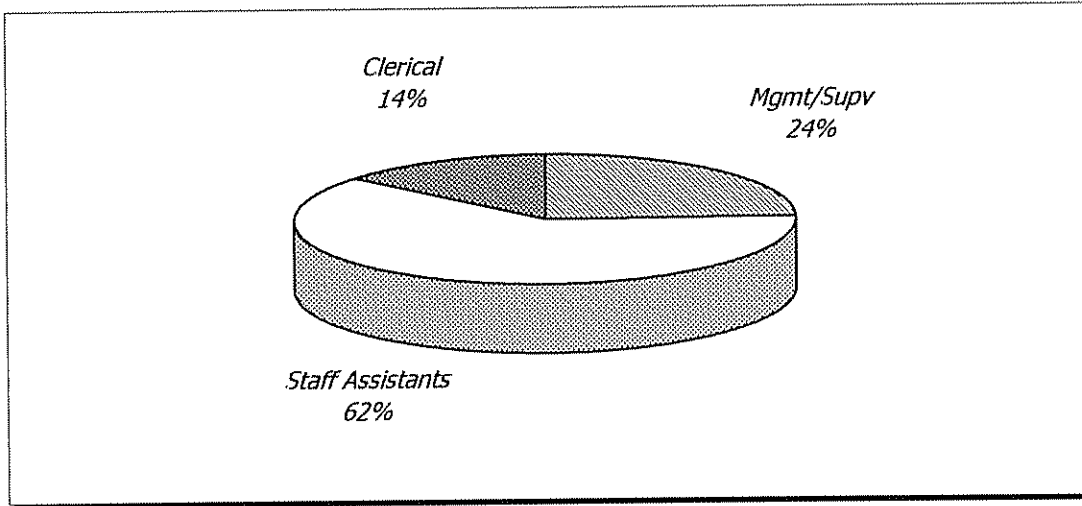
*Port Authority of Allegheny County*  
**HUMAN RESOURCES DIVISION**



**TABLE 3.5a**

*Port Authority of Allegheny County*  
**HUMAN RESOURCES DIVISION**  
*Personnel by Function & Department*

***Fiscal Year 2007 Budget***



**Personnel Summary (No. of Employees)**

	<u>FY 2005 Actual</u>	<u>FY 2006 Actual</u>	<u>FY 2007 Budget</u>
Exec & General - HR	3	3	3
Training	4	3	4
Office of Equal Opportunity	5	5	5
Employee Relations	9	9	9
Employment	7	7	7
Benefits & Compensation	6	9	9
<b>Total Personnel</b>	<b><u>34</u></b>	<b><u>36</u></b>	<b><u>37</u></b>

**TABLE 3.5b**

*Port Authority of Allegheny County*  
**HUMAN RESOURCES DIVISION**

*Expense by Department*

**Expense Summary (Total Expense)**

	<u>FY 2005</u> <u>Actual</u>	<u>FY 2006</u> <u>Forecast</u>	<u>FY2007</u> <u>Budget</u>	<u>% Change</u> <u>from 2006</u>
	\$	\$	\$	%
Exec. & General - HR	247,000	257,000	274,000	6.6%
Training & Org Development	315,000	354,000	652,000	84.2%
Employment	779,000	747,000	891,000	19.3%
Office of Equal Opportunity	254,000	259,000	297,000	14.7%
Employee Relations	864,000	1,061,000	865,000	-18.5%
Benefits & Compensation	56,505,000	74,911,000	83,257,000	11.1%
<b>Total Expenses</b>	<b><u>58,964,000</u></b>	<b><u>77,589,000</u></b>	<b><u>86,236,000</u></b>	<b><u>11.1%</u></b>

*Expense by Category*

**Expense Summary (Total Expense)**

	<u>FY 2005</u> <u>Actual</u>	<u>FY 2006</u> <u>Forecast</u>	<u>FY2007</u> <u>Budget</u>	<u>% Change</u> <u>from 2006</u>
	\$	\$	\$	%
Salaries & Wages	1,751,000	1,881,000	2,007,000	6.7%
Employee Benefits	56,398,000	74,856,000	82,842,000	10.7%
Purchased Services	626,000	653,000	818,000	25.3%
Materials & Supplies	9,000	11,000	36,000	227.3%
Utilities	27,000	25,000	28,000	12.0%
Other Expenses	153,000	165,000	505,000	206.1%
Transfers & Capitalizations	0	(2,000)	0	0.0%
<b>Total Expenses</b>	<b><u>58,964,000</u></b>	<b><u>77,589,000</u></b>	<b><u>86,236,000</u></b>	<b><u>11.1%</u></b>

## *Port Authority of Allegheny County*

### **HUMAN RESOURCES DIVISION**

#### **FY2006 Divisional Expense Highlights:**

- The Human Resource Division's expenses are driven by increases in Medical insurance premiums and pension expense. Health insurance premiums increased by approximately \$9.3 million from FY 2005 to FY 2006. Cost containment initiatives that were adopted at the beginning of CY2006 are expected to help control the rate of increase in medical premiums for FY 2007. Medical insurance expenses are expected to increase by approximately \$4.4 million from FY2006 to FY2007.
- Pension expense increased by approximately \$9.0 million from FY 2005 expense levels. The FY 2007 Budget for Pension expense is expected to increase by another \$3.7 million above FY 2006 expense levels.

#### **FY2006 Highlights:**

- The Authority negotiated with ATU Local 85, two new three-year agreements covering operators and maintenance personnel (July 1, 2005 through June 30, 2008) and first level supervisors (August 1, 2005 through July 31, 2008). Both agreements provide for 3 percent wage increases in each of the three years of the agreements and require healthcare premium share contributions of 1 percent of an employee's base wages and one percent of new retiree's average hourly rate during the last year of employment.
- Two new four-year agreements were negotiated with PATPA covering officers and covering sergeants & lieutenants (August 1, 2004 through July 31, 2008) which provide wage increases of 7 percent over four years and contains provisions requiring healthcare premium share contributions similar to those applicable to ATU Local 85 employees and retirees. The two agreements have been revised, printed and distributed.
- A new three-year agreement covering clerical personnel was negotiated with the International Brotherhood of Electrical Workers Union (IBEW) Local 29 (May 1, 2006 through April 30, 2009) which provides for 3 percent wage increases in each year of the agreement and also contains provisions requiring healthcare premium share contributions similar to those applicable to ATU Local 85 employees and retirees.

- Negotiated changes in employee benefits that will generate approximately \$7 million dollars in annual healthcare savings for calendar year 2006. These savings are due to redesigning the medical plan to introduce cost saving measures (e.g., office co-payment, emergency room co-payment, 3-tiered prescription co-payment) and introducing premium payments based on 1 percent of salary for active employees and new retirees. Replaced the costly "over age 65 indemnity plan" with a new Medicare Advantage PPO product or cash equivalent option for those residing outside of Pennsylvania, which will serve to contain future retiree healthcare costs. Secured a three-year health insurance contract with Highmark Blue Cross Blue Shield with rate caps to limit insurance trending costs. Adopted an age 55 retirement requirement which will reduce both the current pension funding obligation and the GASB 45 port-retirement healthcare obligation.
- Implemented new procedures and communications to comply with the new Medicare Part D disclosure requirements. Completed the first steps to receive an estimated \$500,000 annual prescription drug subsidy from Medicare by complying with the "Retiree Drug Subsidy" application, attestation and data submission requirements.
- Initiated a patient care and disease management program with the health insurance carrier (Highmark) and took the initial steps toward formulating goals, objectives and a committee necessary to develop a health and wellness program.
- Centralized the student dependent verification process by assuming control from the three healthcare providers. This enabled the Authority to cancel coverage for 183 students over two semester periods in a timely manner, while streamlining the process and greatly simplifying requirements for 520 employees who we engaged for student verification.
- Converted the Mellon (pension trustee) personal data access system to an internet-based benefit disbursement system. This system offers some enhancements and real-time advantages for data submission, tracking and problem solving.
- Secured a fully executed grant contract with the City of Pittsburgh for bus operator on-the-job training (OJT). Port Authority can receive up to a maximum of \$51,000 for all eligible new hires. The contract is from March 1, 2006 to June 20, 2007 under the guidelines of the Workforce Investment Act (WIA).
- Implemented five identified positions in the Succession Planning Program, selecting 18 participants. The 360 Degree Assessments and Individual Development Plans have been completed for each participant.

- In conjunction with IT, developed and implemented a web-based EEO training module, FMLA calculations and pension enhancements that eliminated the need for manually updated pension cards.
- Negotiated a zero cost increase on the Drug & Alcohol contract with Health Evaluation Systems for the fourth consecutive year.
- Expanded the Financial Finesse initiative by offering an "Introduction to Financial Finesse" workshop to classes of new operators and maintenance employees. Early intervention in educating new hires and providing valuable information to begin or continue sound personal financial management.

### **FY2007 Goals:**

- Finalize revisions, printing and distribution for three of the newly negotiated collective bargaining agreements.
- Implement "eApplications," which are PeopleSoft web-enabled applications that will allow our employees and retirees to enroll, view and update benefits and personal information on-line.
- Obtain training and support for the PeopleSoft Financial upgrade and eApplications development.
- Secure monthly Medicare Part D subsidy revenue.
- Work with Finance and consultants to determine obligation for post retirement benefits under GASB 45.
- Introduce a health and wellness program.
- Work with IT to implement ERISA requirements for determining "relative value" for pensions, design, develop and implement a system to track Title VI complaints and resolutions and a new bid/bump system.
- Develop a template Drug & Alcohol policy and guidelines for future safety sensitive contractor bidders. This template will enable contractors to become qualified bidders on a more timely basis.
- Complete computer-based-training programs for Service Planning & Schedules overview of Port Authority Service and Schedule Writing Process.
- Enhance the Work Life initiative by launching a "Retirement Readiness" program.