

MARKET-COMPETITIVE COMPENSATION

IMPLEMENTATION OF PAY PLAN

Fiscal Year 17

Today's Topics

- Classification and Compensation Overview
- FY17 Implementation of Pay Plan
(Changes to benefits are not included today)
- Employee Pay After Implementation

Classification and Compensation Overview

- The last comprehensive classification and compensation study was completed in 2001; scheduled internal reviews and adjustments followed until 2007
- The new Council-approved classification and compensation study (2014) which was completed and presented in late Spring 2015

Classification and Compensation Overview

Why was the classification and compensation study necessary?

- To obtain market data to assess the competitiveness of City pay and benefits for the purposes of ...
 - Recruiting and retaining talented, high-performing employees
 - Providing regular performance-based adjustments using an established and competitive pay plan
 - Encouraging career growth at the City
 - Providing a longevity adjustment for valuable, long-term, topped out employees

Classification and Compensation Overview

□ Terms

- **Benchmark** – A job title/position whose job duties and pay are compared to a peer employer
- **Job Family** – A series of progressively higher, related jobs distinguished by levels of knowledge, skills and abilities
- **Market** – Midpoint of a position (typically reflects 6-7 years of experience)

□ Methodology

- Consultant analyzed and applied public and private sector data from peer surveys and questionnaires to the City's job families, pay grades, and wages
- Identified 60 benchmark positions out of 180 City titles (high % of turnover, hard to recruit)
- Data normed to July 1, 2015

□ Application of data

- Adjusted pay grades and pay ranges within current job families
- Applied adjustments effective July 1, 2016

Benchmark Example

- **Benchmark** – Library Assistant, Librarian, Library Manager
- **Job Family** has 6 positions
- **Market** data recommends pay grade adjustments for 6 out of 6 positions



Job Family	Current Pay Grade	Annual Minimum	Annual Midpoint	Annual Maximum	Proposed Pay Grade	Annual Minimum	Annual Midpoint	Annual Maximum
LEAD LIBRARIAN	65	45,281.60	55,140.80	64,979.20	70	51,230.40	62,379.20	71,739.20
LIBRARIAN	61	41,017.60	49,940.80	58,864.00	66	46,425.60	56,513.60	64,979.20
LIBRARY ASSISTANT	45	27,643.20	33,654.40	39,665.60	47	29,036.80	35,360.00	40,643.20
LIBRARY MANAGER	74	56,555.20	68,868.80	81,161.60	79	63,980.80	77,916.80	89,585.60
LIBRARY MNGR SUPPORT SVC	70	51,230.40	62,379.20	73,528.00	75	57,969.60	70,595.20	81,161.60
LIBRARY SPECIALIST	51	32,052.80	39,020.80	45,988.80	53	33,675.20	40,996.80	47,132.80

FY 17 Implementation

- **1st** Move employee to entry of market pay grade or if they make above entry, keep at current rate of pay
- **2nd** Determine hire date in current position
- **3rd** Apply 3% to employee base rate until midpoint is reached (market)

Implementation Example

□ Library Assistant

- Current pay grade 45 to 47
- Employee hired in position 07/01/2012
- Current hourly \$13.29
- Entry of pay grade 47 is \$13.96
- Apply 4 years of increases
 - Add 12% to \$13.96
- Employee's new rate of pay is \$15.64

Implementation	
Years	Increase
0	0.00%
1	3.00%
2	3.00%
3	3.00%
4	3.00%
5	3.00%
6	3.00%
7	1.50%
8	1.50%
9	1.50%
10	1.50%
11	1.50%
12	1.50%
13	1.50%
14	1.50%
15	1.50%

After Initial Implementation

- The annual adjustment plan reviewed each fiscal year
- Employees must **meet standards** in all areas of their evaluation before the increase in pay occurs; evaluation is on employee's anniversary date
 - If standards are not met, the review date will be extended
 - Increases will not be retroactive to anniversary date
- Year 1-6 will be a flat 3% rate
- Year 7+ (market) will be 0-3% merit
- Once employee reaches the max of the salary range
 - \$450 lump sum retention incentive (1X/year on anniversary date)

Annual Adjustment	
Years	Increase
0	0.00%
1	3.00%
2	3.00%
3	3.00%
4	3.00%
5	3.00%
6	3.00%
7	0-3%
8	0-3%
9	0-3%
10	0-3%
11	0-3%
12	0-3%
13	0-3%
14	0-3%
15	0-3%

Public Safety Specific - Fire

- Benchmarked Firefighter, Fire Captain, Fire Chief
- How will the adjustments impact a Firefighter's wages?
- Recommendation Firefighter Step Plan to Pay Grade 64
- The amounts below do not include FLSA overtime or 120 hours of holiday pay

Firefighter Step Plan	Entry	Midpoint	Maximum
Shift 2912 Hours (56 hour workweek)	13.31	16.20	19.41
	38,759	47,174	56,522
Firefighter Pay Grade 64	Entry	Midpoint	Maximum
Shift 2912 Hours (56 hour workweek)	15.17	18.21	21.24
	44,175	53,028	61,851

Public Safety Specific - Police

- Benchmark Positions – Police Officer, Police Sergeant, Police Lieutenant, Police Chief
- How will the adjustments impact a Police Officer's wages?
- Recommendation Police Officer Step Plan to Pay Grade 67

Police Officer Step Plan	Entry	Midpoint	Maximum
Police Officer	20.51	24.96	29.93
	42,661	51,917	62,254
Police Officer Pay Grade 67	Entry	Midpoint	Maximum
Police Officer	22.87	27.85	32.02
	47,570	57,928	66,602

Police – Local Comparison

- Prescott Police Officer
 - Recruit \$20.79 - 43,243
 - Entry \$22.87 - 47,570
 - Midpoint \$27.45 - 57,096
 - Maximum \$32.02 - 66,602

- Prescott Valley Police Officer
 - Recruits \$20.50 – 42,640
 - Entry \$21.53 – 44,782
 - Maximum \$28.69 – 59,675

- YPIT – did not provide data

Turnover and Training

Highest Areas of Turnover by Job Title	Turnover 2013 - 2016	Additional Annual Training Cost for Department Due to Turnover	Where are they going?
Police Officer	30 Officers (5 retirements)	\$111,863	YPIT, PV, NAU, Attorney General, Phoenix
Communications Specialist (Dispatch)	16 Dispatchers	\$57,185	Other states
Wastewater Treatment Plant Operators	16 Wastewater Operators (1 retirement)	\$48,343	Sedona, Phoenix

Market-Competitive Pay Implementation Cost

	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>	<u>Dispatch Partners</u>
Initial Implementation Cost Estimate				
Salary Change	\$ 1,103,469.17	\$ 679,910.40	\$ 1,783,379.57	\$ -
Benefits Cost	623,886.78	158,371.87	782,258.65	-
Total Cost	1,727,355.95	838,282.27	2,565,638.22	-
Cost Recovery	(105,289.58)	30,821.34	(74,468.25)	74,468.25
Net Cost of Implementation	<u>\$ 1,622,066.36</u>	<u>\$ 869,103.61</u>	<u>\$ 2,491,169.97</u>	<u>\$ 74,468.25</u>
FY17 Merit Adjustments				
Salary Change	\$ 220,356.83	\$ 156,896.24	\$ 377,253.07	\$ -
Benefits Cost	95,932.04	35,883.06	131,815.10	-
Total	316,288.87	192,779.30	509,068.17	-
Cost Recovery	(55,843.69)	39,877.51	(15,966.18)	15,966.18
Net Cost of FY17 Merit Adjustment	<u>\$ 260,445.18</u>	<u>\$ 232,656.81</u>	<u>\$ 493,101.99</u>	<u>\$ 15,966.18</u>
Subsequent full years cost	\$ 465,344.71	\$ 296,142.39	\$ 761,487.10	\$ 20,498.99

	<u>Number of Employees</u>	<u>% of Employees</u>
Employees with no change in pay at initial implementation (7/1/2016)	124	26.6%
Employees at or over pay grade max		
Before implementation	46	9.9%
After initial implementation (7/1/2016)	26	5.6%
At end of FY17 (6/30/2017)	31	6.6%

FY17 Budget Process

- 2/03/16 FY16 Mid-Year Budget Review
- 2/16/16 Budget Workshop #1 Market-Competitive Pay to Assure Quality City Service Delivery
- 3/15/16 Budget Workshop #2 Models for Fire and EMS Service Delivery
- 4/5/16 Budget Workshop #3 Models for Police Service Delivery
- 5/12/16 Annual Council Budget Workshop Part 1 (General Fund, Tourism, Golf Course)
- 5/27/16 Annual Council Budget Workshop Part 2 (Streets, Utilities, Solid Waste, Airport)
- 6/7/16 Tentative Budget Adoption and Set Public Hearing
- 6/21/16 Budget Hearing and Council Consideration of Final Budget
- 7/5/16 Council Consideration of FY17 Property Tax Levy

Discussion

