



# **Three Phase Project**

- Phase 1 FY2004-FY2006 (last study)
  - Move positions to market
  - Make corrections for 16 years of market changes
  - o Bring people to minimum by year 3
  - o Clean up classifications
    - Staff Assistants
    - Engineers
    - Engineering Technicians



# **Three Phase Project**

- Phase 2 FY2007-FY2008 (years 1 and 2 of this study)
  - Adopt Compensation Philosophy
  - Move people to the appropriate place in the range based on time in position
  - Two-year phase-in
  - Continue classification clean-up
    - IT positions
    - Analysts
  - Freeze upper quartile of MAP pay grades 13-15 until Phase 3

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# **Three Phase Project**

- Phase 3 2007
  - Adopt policies to define how people move through the ranges based on performance (MAPs) after two year phase-in
    - Support today's market place
    - Recruit and retain quality workforce



#### Compensation Philosophy

- · Adopted in February 2006
- Targeting the 50th percentile of the market median
- External equity is evaluated using market data developed with commonly accepted compensation practices to compare City salaries to the external labor market.
  - taking into account geographic indexing or cost of labor differentials
  - · industry type
  - organization size
- as applicable and recommended by the outside consultant.
- Both internal equity and external labor market are key components of the base pay plan



#### The Process

- Selection of benchmark jobs
- Conducting market analysis
- Slotting of non-benchmark jobs



### **Selecting Benchmark Jobs**

- Jobs benchmarked are those jobs that are common in other organizations
- Job responsibilities matched 60-70% of the essential functions of the job
- Jobs chosen from high to low across all divisions and business units

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CZS	

#### **Selecting Benchmark Jobs**

- Wachovia met with project team and CWA union leadership to determine jobs to benchmark
- 204 jobs were selected as benchmarks



#### **Market Analysis**

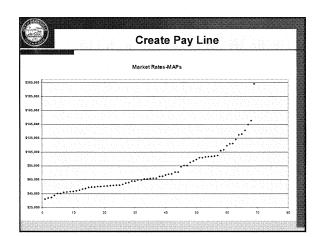
- Wachovia matched essential responsibilities of each benchmark job to job profiles in the published pay data
- The jobs were also scoped based on
  - Population
  - Operating Budget
  - # full-time employees
  - Operating Income
  - Revenue
  - Industry type
- Market matches were found for 155 jobs

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### **Market Analysis**

- The market rate for each job was then adjusted using Economic Research Institute (ERI) cost of labor differentials for Gainesville to the national labor market = 95%
  - In response to Auditor review
- Creation of a pay line





## **Market Analysis**

- Pay line resulting from market analysis sets the framework
  - Create the structure to include minimums and maximums
  - Reduced number of pay grades from 18 to 15
  - Slot non-benchmark jobs using internal value and organizational structure



### **Adjustments to Benchmark Jobs**

- $29~\mbox{MAP}$  jobs were adjusted from market based on internal value and organization structure

  - 3 jobs adjusted one pay grade lower23 jobs adjusted one pay grade higher
  - 2 jobs adjusted two pay grades higher 1 job adjusted 3 pay grades higher
- Determination of pay grade assignment when market falls between two pay grades

  Use of breakpoints using half-way mark is one method
  - - Determine based on internal value and knowledge of jobs and organization if pay grade should be adjusted upward or downward

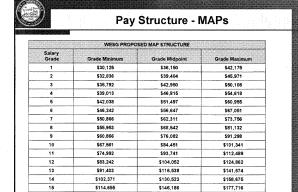
      Adjustment of one pay grade is acceptable compensation practice
- Auditors review suggests that these adjustments include supporting documentation
  - Provided in Exhibits 1A and 1B



#### Slotting of Non-benchmark Jobs

- Collaborative process conducted over several meetings and conference calls between Wachovia and
  - Union leadership
  - Managers from each department
  - Direct Reports
  - Charter Officers final recommendations

See Exhibit 2 attached for list of job titles and recommended pay grades



\$177,716

<u> </u>	P	ay Structur	e - CWA	
	WES	3 PROPOSED CWA STRU	ICTURE	1
Salary Grade	Grade Minimum	Grade Midpoint	Market	Grade Maximum
2	\$19,828	\$23,077	\$23,298	\$26,326
3	\$21,414	\$24,923	\$25,162	\$28,433
4	\$23,127	\$26,917	\$27,175	\$30,707
5	\$24,684	\$29,077	\$29,620	\$33,471
6	\$26,905	\$31,694	\$32,286	\$36,483
7	\$29,326	\$34,547	\$35,192	\$39,767
. 8	\$31,966	\$37,656	\$38,359	\$43,346
9	\$34,843	\$41,045	\$41,811	\$47,247
10	\$37,979	\$44,739	\$45,574	\$51,499
11	\$41,397	\$48,765	\$49,676	\$56,134
12	\$45,122	\$53,154	\$54,147	\$61,186
13	\$48,180	\$57,436	\$59,020	\$66,693
14	\$52,516	\$62,605	\$64,332	\$72,695
15	\$56.717	\$67.614	\$69,478	\$77.816

	Pay St	ructure	Compar	isons
Current Structure Proposed Structure				Structure
	CWA	MAPs	CWA	MAPs
Туре	Top-out	Top-out	Top-out	Market/Midpoint
Market	7% below range maximum	8% below range maximum	13% below range maximum	midpoint
Range Spread	23.80%	37.50%	32% to 38%	40% to 55%
Maintenance	Negotiated	Pay-for- performance system. Budgeted 4.75% of midpoint	Negotiated	CCOM approved 3-4% market adjustment

Pay Structure Comparisons
<ul> <li>Comparing current market to proposed market results in the following</li> </ul>
• CWA – 71% go up, 29% go down
• MAPS – 48% go up, 52% go down



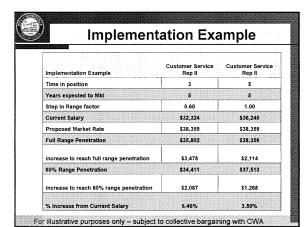
## Implementation

- Range Penetration Analysis
  - Where should incumbents be placed within their pay range
  - Based on time in position
  - It takes 3-8 years to be fully functional in position depending on the job
    - Clerk, Maintenance Worker I 3 years
    - Manager 8 years
  - A fully functioning incumbent should be at the market rate (capped at market, no loss in pay if over market)
  - Phase-in over two years
    - 60% toward range penetration placement in year 1
    - Remaining 40% in year 2



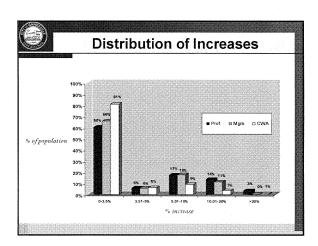
# Implementation

- 3.50% increase, up to the maximum of the pay range, for incumbents already placed appropriately based on time in position
  - 3.5% based on national average for annual pay increases
  - No reduction in pay
- Red-lined employees will receive a onetime lump-sum - to be negotiated



	NOTE:
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Implementation Example	System Programmer	System Programmer
Time in position	2	8
Years expected to Mkt	5	5
Step in Range factor	0.40	1.60
Current Salary	\$60,000	\$70,940
Proposed Market Rate	\$68,542	\$68,542
Full Range Penetration	\$65,036	\$68,542
increase to reach full range penetration	\$5,036	n/a above market
60% Range Penetration	\$63,021	n/a above market
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Managing to	the Midp	oint - ex	ample	
Performance	1st quartile	2nd quartile	3rd quartile	4th quartile
Outstanding Performance 4.5 to 5.0	5.5% to 7%	5% to 6.5%	4.5% to 6%	4% to 5.5%
Exceeds Expected 3.75 to 4.49	4% to 5.5%	3% to 5%	3% to 4.5%	3% to 4%
Good, Competent 2.75 to 3.74	3% to 4.5%	3% to 4%	3%	3%
Needs Improvement 1.50 to 2.74	3%	3%	0%	0%
Unsatisfactory 0 to 1.49	0%	0%	0%	0%



# **Management Summary**

- Affordability has been paramount
- Incremental & systematic approach
- Wachovia recommendation is needed to effectively recruit and retain a highly qualified workforce
- City Commission controls future budgets
- Pay and class studies are routine in other places
- Cost of doing it versus cost of not doing it
- Good Balance

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### Recommendation

Adopt the pay structure & pay plan as recommended by consultant



### Recommendation

- Approve implementation
  - Range penetration up to 60% or
  - 3.50% up to the maximum of the range
  - No access to upper quartile of MAP pay grades 13-15 during year 1 and 2
     Develop policies to manage the pay plan recommended by Wachovia

  - CWA implementation to be negotiated in collective bargaining
- Approve addition of this item to the City Commission Agenda of October 23, 2006