



Slide Pres.
10/16/2006




City Commission Workshop, October 16, 2006

2006 Compensation Study



Three Phase Project

- Phase 1 – FY2004-FY2006 (last study)
 - Move positions to market
 - Make corrections for 16 years of market changes
 - Bring people to minimum by year 3
 - 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



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



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

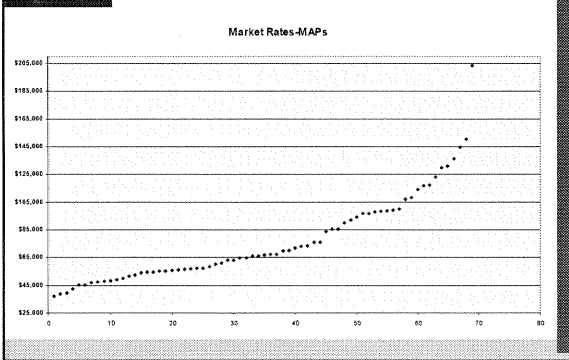


Market Analysis

- 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




Create 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




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 one-time lump-sum - to be negotiated



Implementation Example

Implementation Example	Customer Service Rep II	Customer Service Rep II
Time in position	3	5
Years expected to Mkt	5	5
Step in Range factor	0.60	1.00
Current Salary	\$32,324	\$36,245
Proposed Market Rate	\$38,359	\$38,359
Full Range Penetration	\$35,802	\$38,359
Increase to reach full range penetration	\$3,478	\$2,114
60% Range Penetration	\$34,411	\$37,513
Increase to reach 60% range penetration	\$2,087	\$1,268
% increase from Current Salary	6.46%	3.50%

For illustrative purposes only – subject to collective bargaining with CWA



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



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
