



CITY OF GAINESVILLE
*Proposed Compensation
Plan*

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WACHOVIA

EMPLOYER SOLUTIONS GROUP

We're Moving in the Right Direction...

- Three years ago we conducted our first compensation study in 16 years; we committed to conducting a new compensation study every three years.
- The last compensation study aligned jobs with the market.
- The 2006 Compensation Study re-evaluates jobs to market as well as aligns actual employee pay with the market based on years in the job.
- Implementation provides for increases for every employee.

Pay Philosophy

- In February 2006 the City Commission adopted a pay philosophy to pay at the 50th percentile of the market. This means that half of other employers will pay more than the City of Gainesville; half will pay less.
 - Annual Market Adjustments
- The Pay Philosophy requires that the City hire a compensation consultant. This year the City hired Wachovia Employer Solutions Group. Melissa To is a Senior Consultant and is here to talk to you about this year's study.

2006 Compensation Study

Overview

Using this philosophy, our goals were to:

- Determine market rates for benchmarked MAP jobs.
- Place employees appropriately within their pay range.
- Update the pay plan.

How We Got Here

Developing the New Compensation Plan

To do this we:

- Market-priced benchmark jobs of other cities, public and private utilities and companies of similar size.
- Created a salary structure that pays fully qualified employees at market.
- Slotted all benchmark jobs into the new salary structure at market; slotted all non-benchmark jobs based on internal hierarchy.

Old vs. New Pay Structure

- The new structure has 15 pay grades; the old structure had 18 pay grades (next slide shows new structure).
- The ranges are wider from minimum to maximum. Varying from 40% to 55%.
- The new midpoint differentials vary from 9% to 12%. (7% to 10% before)
- Market is placed at the midpoint; in the previous structure market was 8% below max.
- The old structure was a top-out system and the new structure focuses on the midpoint (market)
- For MAPs, emphasis was placed on market vs. internal value

MAP Pay Plan Structure 2006

Salary Grade	Grade Minimum	Grade Midpoint	Grade Maximum	Midpoint Progression	Range Spread
1	\$30,125	\$36,150	\$42,175	N/A	40.00%
2	\$32,836	\$39,404	\$45,971	9.00%	40.00%
3	\$35,792	\$42,950	\$50,108	9.00%	40.00%
4	\$39,013	\$46,815	\$54,618	9.00%	40.00%
5	\$42,038	\$51,497	\$60,955	10.00%	45.00%
6	\$46,242	\$56,647	\$67,051	10.00%	45.00%
7	\$50,866	\$62,311	\$73,756	10.00%	45.00%
8	\$55,953	\$68,542	\$81,132	10.00%	45.00%
9	\$60,866	\$76,082	\$91,298	11.00%	50.00%
10	\$67,561	\$84,451	\$101,341	11.00%	50.00%
11	\$74,992	\$93,741	\$112,489	11.00%	50.00%
12	\$83,242	\$104,052	\$124,862	11.00%	50.00%
13	\$91,403	\$116,538	\$141,674	12.00%	55.00%
14	\$102,371	\$130,523	\$158,675	12.00%	55.00%
15	\$114,655	\$146,186	\$177,716	12.00%	55.00%

How We Got Here

Selecting Benchmark Positions

We surveyed 91 of the 239 MAP jobs. These jobs were:

- Common in other organizations
- Matched 60-70% of the essential functions of the job
- Chosen from high to low across all divisions and business units

Note: There is no advantage or disadvantage to having your position benchmarked.

How We Got Here

Appropriate Range Placement

- The 2004 Compensation Study moved classifications where they needed to be appropriately placed; however it did not get employees appropriately placed in their pay range.
- Our goal for the 2006 Compensation Study was to move employees into their appropriate place in their pay range relative to their years of experience in the classification.
- Because of budgetary restraints, it will take three years to achieve this “range penetration”

The Three-Year Implementation

Range Penetration

Breakdown of the three-year implementation:

YEAR ONE

To give eligible employees 50% of the difference between their current pay and where they should be in the new pay range based upon years in their classification

YEAR TWO

To move eligible employees 75% toward their proper placement to market

YEAR THREE

Provide the remainder of the difference

Range Penetration Analysis

For implementation purposes, Wachovia recommended incumbents be placed in their range based on time in position:

It takes 3-8 years to be fully proficient in position depending on the job:

- Pay Grades 1 to 4 – 3 years
- Pay Grades 5 to 9 – 5 years
- Pay Grades 10 to 15 – 8 years

A fully experienced incumbent should be at the market rate (capped at market, no loss in pay if over market)

- Phase-in over three years

The Three-Year Implementation

YEAR ONE: What This Means to You

YEAR ONE

Employees will receive a pay increase of:

- 3.5% (not to exceed the maximum of the pay range), OR
- 50% of the adjustment to get you to the appropriate placement in the range (based on reaching market within 3-8 years in the position).
- This adjustment is capped so that the total increase is the lesser of \$7,500 or 20% of your current salary.

The Three-Year Implementation

- 3.5% increase, up to the maximum of the pay range for incumbents already placed appropriately based on time in position.
- Years 2 and 3 increases will be based on the performance grid yet to be determined.
- 3.5% based on national average for annual pay increases.
- No reduction in pay.
- All employees will receive a minimum raise as a salary increase, lump sum or a combination of the two.
 - \$1000 in Year 1
 - \$800 in Year 2

2006 Compensation Study

Appeals Process

- Will be available for individuals who feel the placement of their position in the hierarchy (compensation plan) was inaccurate, with reasonable justification.
- Forms are available on the City's Intranet/GRUPerNet
- Must be reviewed/signed-off by managers before submission to Human Resources at Box #20.
- All appeals must be filed by February 15, 2007.

Implementation Example

Implementation Example	Joe Professional	Jane Professional
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
50% Range Penetration	\$62,518	n/a above market
increase to reach 50% range penetration	\$2,518	n/a above market
% increase from Current Salary	4.20%	3.50%

2006 Compensation Study

Implementation

Salary Increases:

- Effective January 1, 2007
- Increases reflected on paychecks the end of February
- Retro pay will follow

Pay for Performance

- 2007 MAP performance evaluations will not be used to determine pay increases.
- Performance evaluations provide important feedback on your performance.
- Our implementation plan for 2007 was the only method that would get employees' pay more aligned with market based on years in position.
- For 2008 and after, staff will be evaluating how pay for performance will be administered.
- In 2007, staff will be developing policies to manage the new compensation system.

Policy and Benefit Proposals

Military Buyback

Eligible employees may buy back up to four years of military service to be credited toward pension service credit

Leave Issues

- Beginning 1/1/07, all DROP participants will be required to go into PTO
- Current DROP participants may transfer to PTO
- Must maintain a minimum balance of PTO and PCLB (depending on years of service) in order to be eligible for a leave bank effective 1/1/08

Any Questions?