

Compensation Topics



City of Gainesville
Budget Meeting
May 16, 2017

Budget Preparation Meeting Compensation Topics

March 16, 2017

FY2018-2019 BUDGET CALENDAR

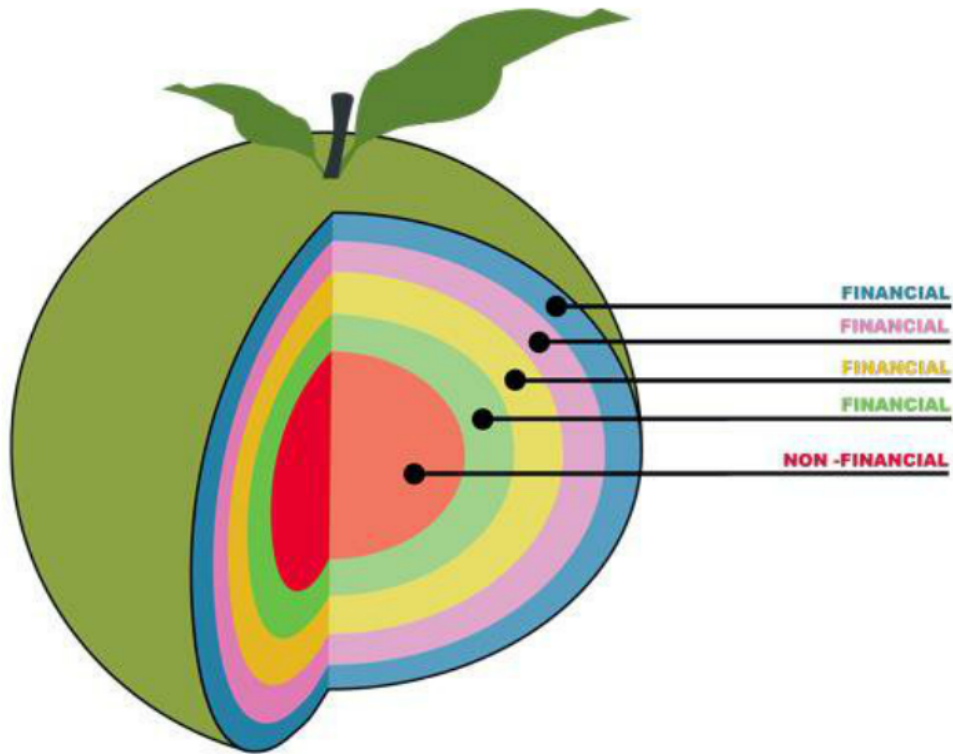
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Today's Agenda

- HR Department Strategy Update
- Total Rewards Study:
 - Fund study in FY18 and set-aside to implement in FY19?
- Raises:
 - Amount in FY18 and FY19?
- Living Wage:
 - At what level for FY18 and FY19?
- Discussion and Decisions on Today's Topics

HR DEPARTMENT STRATEGY



TOTAL REWARD

SALARY	VARIABLE PAY	EQUITY STAKE	BENEFITS	NON-FINANCIAL
..... Total Remuneration				
..... Total Direct Compensation				
..... Total Cash				
Base Cash				



Performance



Talent Development

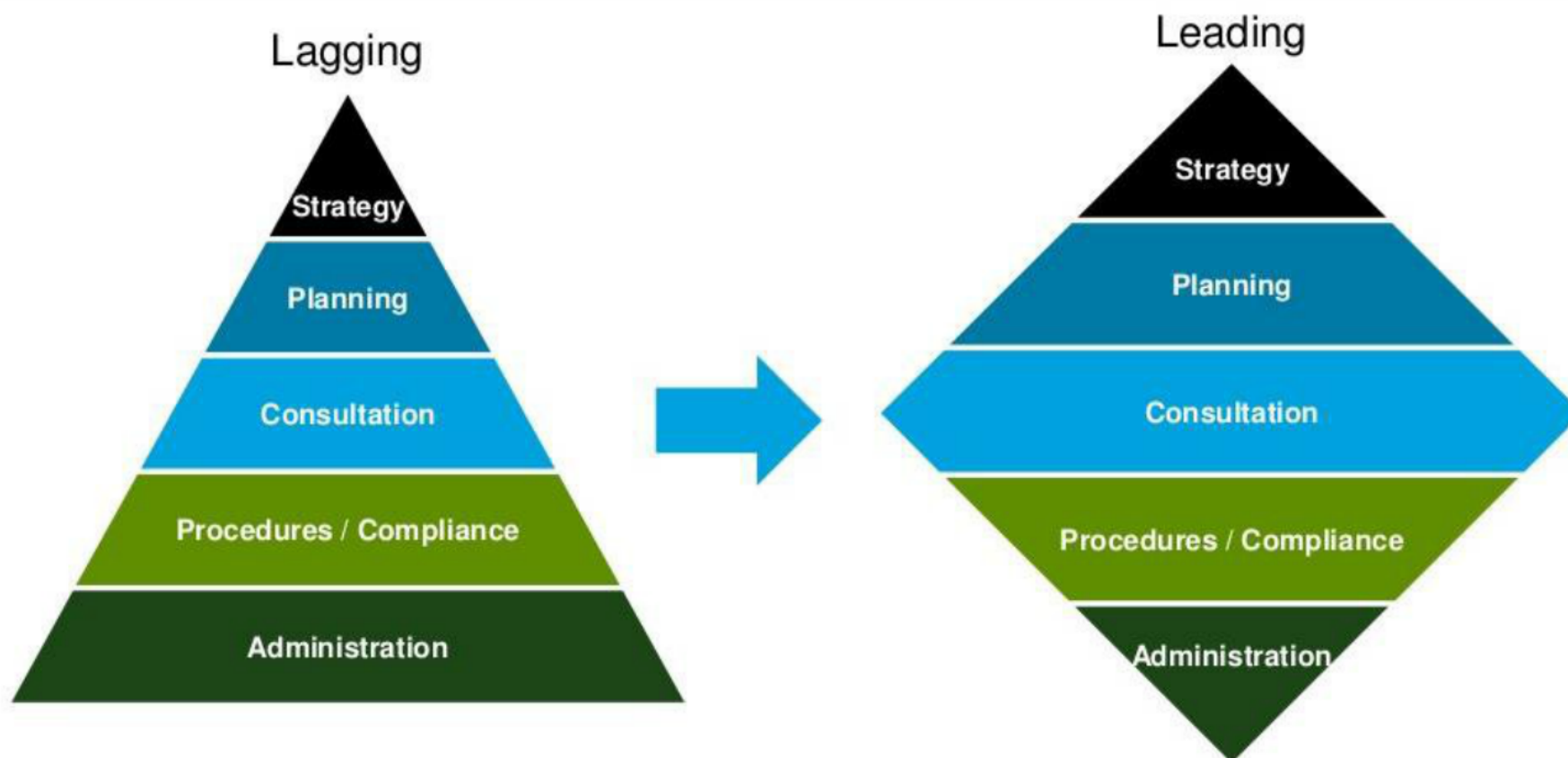


Work-life balance

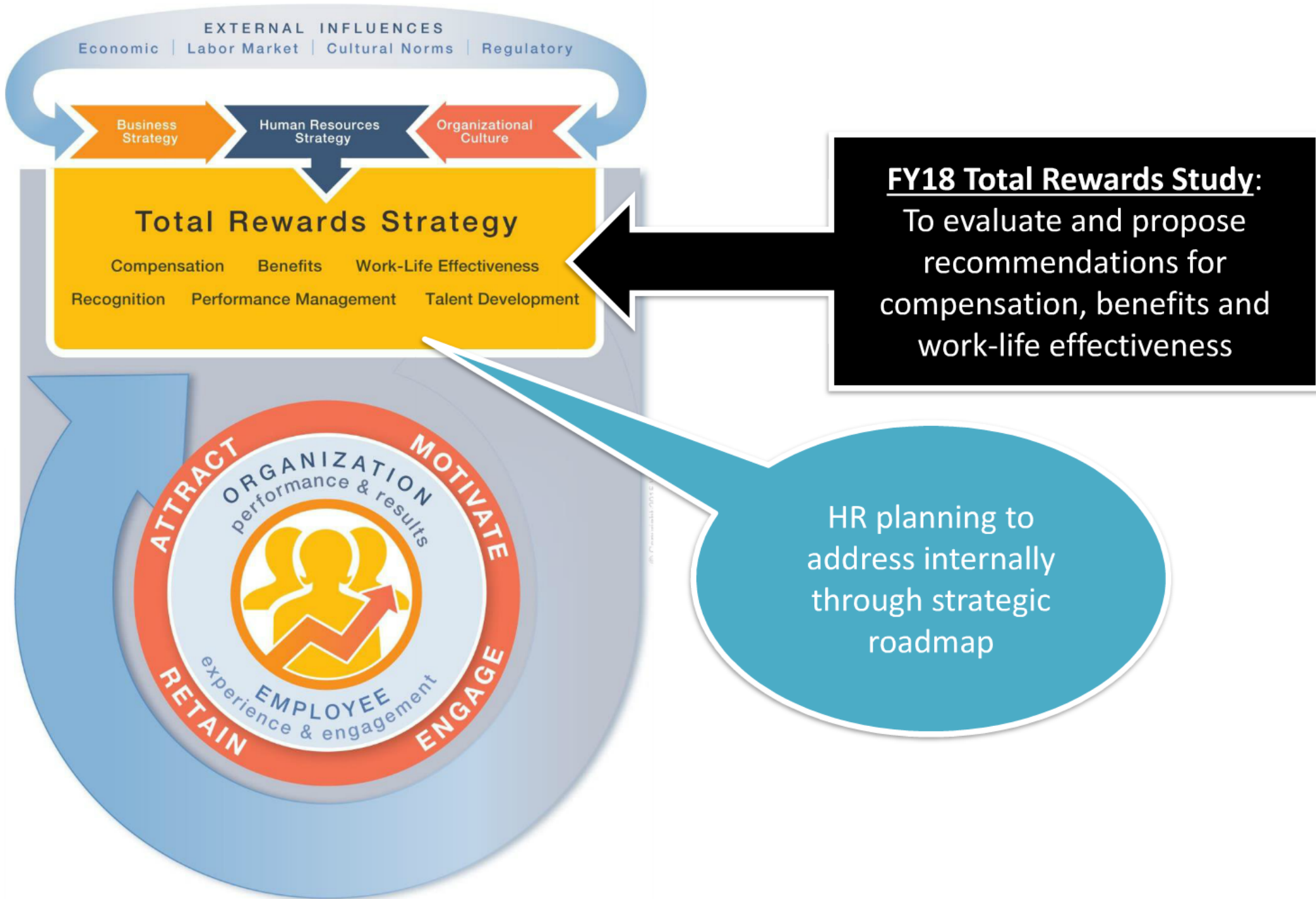


Recognition

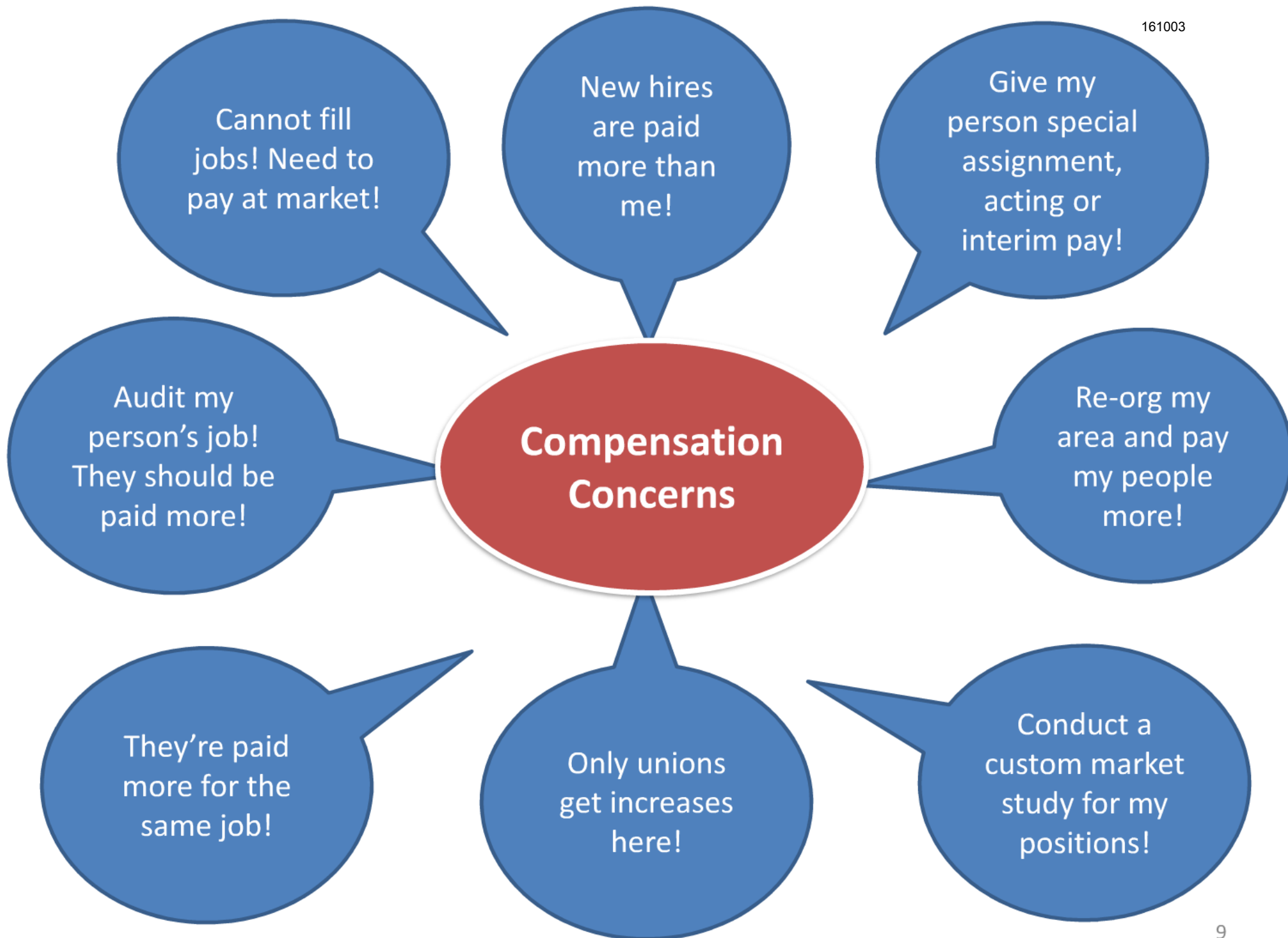
THE CITY OF GAINESVILLE NEEDS STRATEGIC HUMAN RESOURCES PARTNERS TO ACHIEVE THE VISION



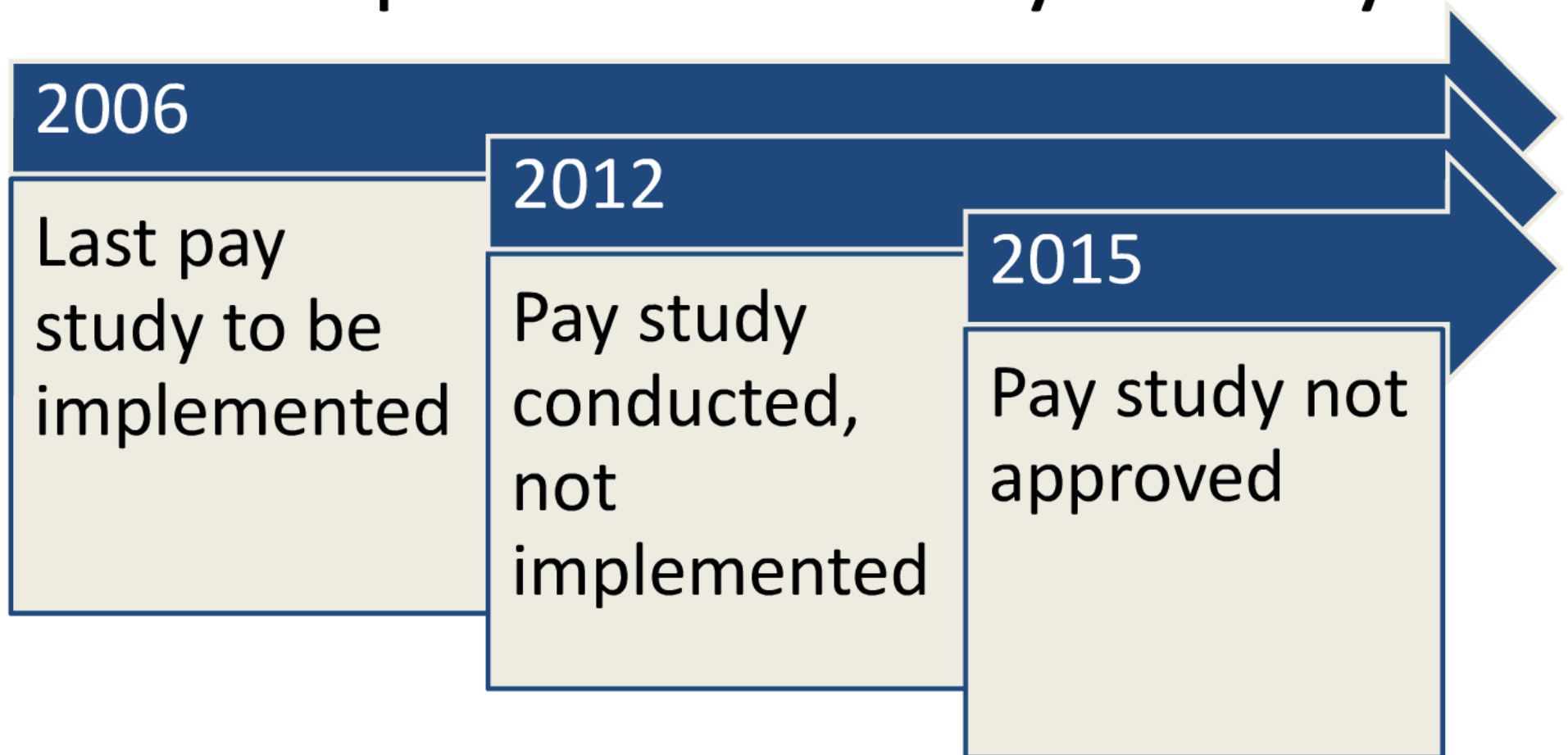
Provides expert assistance to managers
Is a source of people-related insights
Is a builder of strategic people capability







Compensation Study History



Evolving Generational Preferences and Values

	Traditionalists (1930–1945)	Boomers (1946–1964)	Gen X (1965–1978)	Millennials (1979–1996)	Centennials (1997–)
Values	<ul style="list-style-type: none"> Conformity Stability Security 	<ul style="list-style-type: none"> Personal and social expression Idealism Health and wellness 	<ul style="list-style-type: none"> Free agency and independence Street smarts Cynicism 	<ul style="list-style-type: none"> Collaboration Social activism Tolerance for diversity 	<ul style="list-style-type: none"> Resilience and grit Practical intelligence Personal privacy
Incentives	<ul style="list-style-type: none"> Appreciation and recognition 	<ul style="list-style-type: none"> Individual rewards 	<ul style="list-style-type: none"> Rewards for results Team rewards 	<ul style="list-style-type: none"> Constant feedback Spot awards 	<ul style="list-style-type: none"> Personalized
Benefits	<ul style="list-style-type: none"> Embrace defined benefit retirement programs 	<ul style="list-style-type: none"> Make employment decisions based on benefits 	<ul style="list-style-type: none"> Self-reliance Flexible benefit options 	<ul style="list-style-type: none"> Creative benefits and time off 	<ul style="list-style-type: none"> Create my own package
Rewards	<ul style="list-style-type: none"> Satisfaction of a job well done 	<ul style="list-style-type: none"> Money, title, recognition 	<ul style="list-style-type: none"> Flexibility and autonomy 	<ul style="list-style-type: none"> Meaningful work 	<ul style="list-style-type: none"> Divergent experiences
Base Salary	<ul style="list-style-type: none"> Loyalty to organization 	<ul style="list-style-type: none"> Internal competitiveness 	<ul style="list-style-type: none"> Hired guns/mercenaries 	<ul style="list-style-type: none"> Accessing opportunity 	<ul style="list-style-type: none"> Tailored to me
Pay Increases	<ul style="list-style-type: none"> Cost of living adjustments 	<ul style="list-style-type: none"> Seniority and internal equity 	<ul style="list-style-type: none"> Pay increases tied to performance 	<ul style="list-style-type: none"> Likely to share pay increase information Entire group likely to leave if perceives as unfair 	<ul style="list-style-type: none"> Keep pay increase information private

Source: Future of Workplace Survey

Aon Hewitt | Talent, Rewards & Performance | Broad-Based Compensation
 Proprietary & Confidential | BBC/WaW/Millennials.PPTx/001-Z7-04029 05/2017



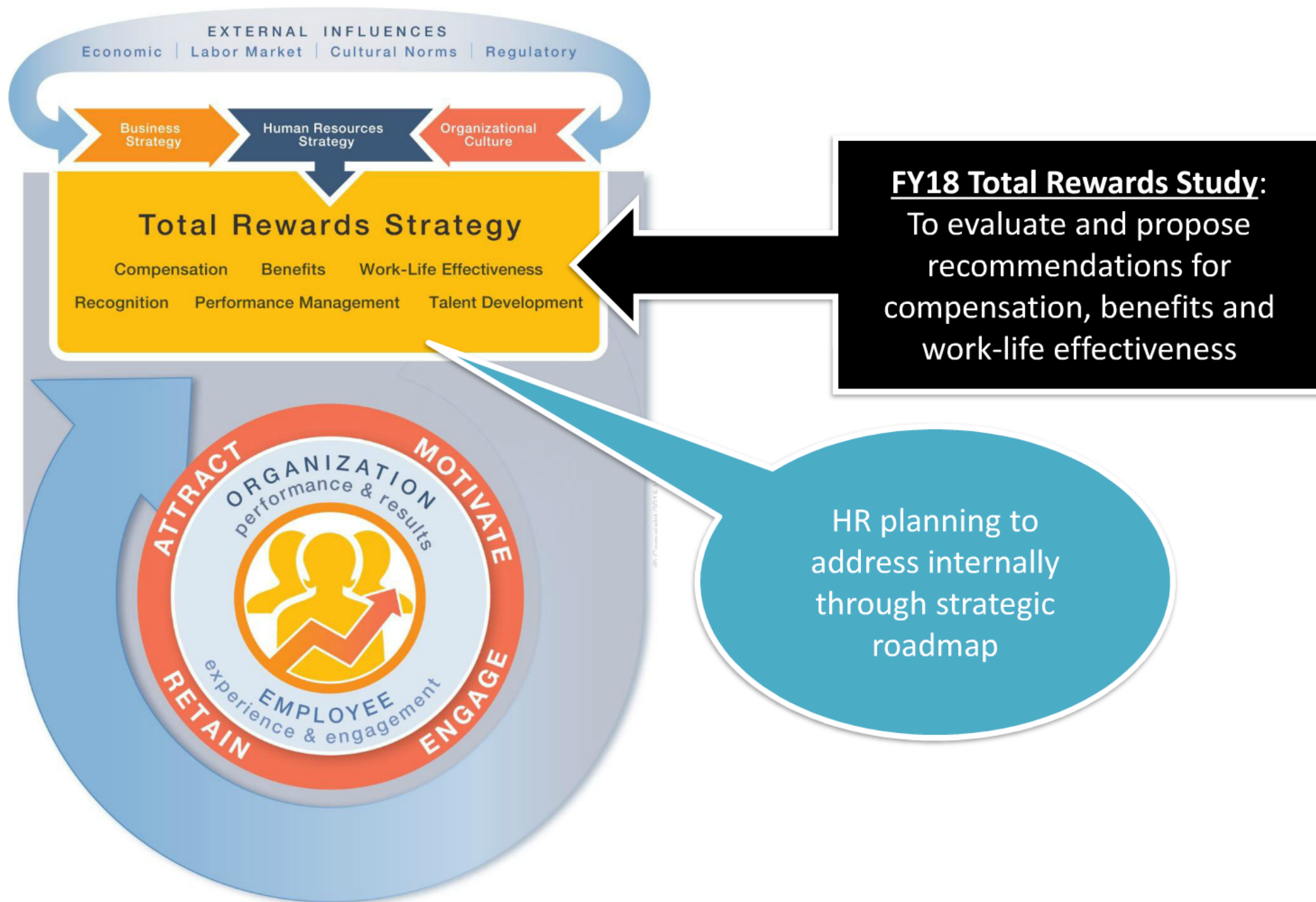
Human Resources Policies

Number C-1

Compensation Philosophy and Policy

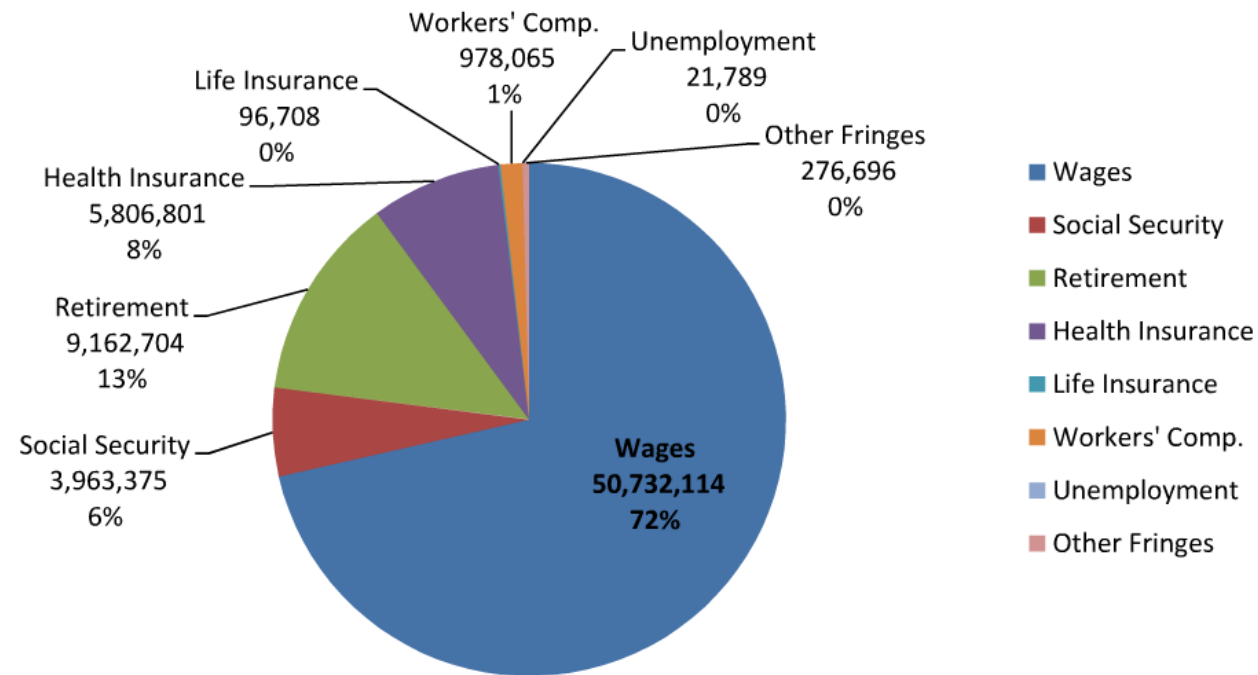
I. Total Compensation Philosophy

The City of Gainesville's Compensation Philosophy is to have a total compensation and benefit system that attracts and retains a diverse group of highly qualified individuals and motivates employees to achieve short-term and long-term organizational objectives. This is accomplished by providing, in consideration of budgetary constraints, total compensation (including benefits) that is competitive with the market median for the appropriate labor markets for each type of job classification and is linked to performance.



TOTAL REWARDS STUDY BUDGET

FY17 Total Rewards Budget



Total General Fund Total Rewards Budget: \$71,038,252

Total Rewards Study

Impact on FY18 & FY19 Budgets:

- Estimated cost of \$200,000 be split between GG and GRU
- Cost of implementation of study estimated at \$5 million, could be spread over multiple years
- Cost of study and/or implementation of results not included in Baseline
- Timing of study and implementation
 - Receive results of study and present results during FY18
 - Develop and present implementation plan in FY18
 - Begin to implement in FY19, possibly continuing into future years

RAISES

Raise History

	FY12	FY13	FY14	FY15	FY16	FY17	FY18
ATU	2.00%	4.00%	1.50%	0.00%	2.00%	2.00%	2.00% ¹
CWA	2.00%	2.00%	1.50%	0.00%	2.00%	2.00%	2.00% ¹
FOP	2.00%	2.00%	1.50%	0.00%	5.50%	TBD ²	TBD
IAFF-FF	2.00%	2.00%	1.50%	0.00%	3.00%	3.00%	3.00% ¹
IAFF-DC	2.00%	2.00%	1.50%	0.00%	2.00%	2.00%	TBD
MGRS	2.00%	2.00%	1.50%	0.00%	2.00%	2.00%	TBD
PBA	2.00%	2.00%	1.50%	0.00%	2.00%	2.00%	TBD ²
PROFs	2.00%	2.00%	1.50%	0.00%	2.00%	2.00%	TBD

¹ Raises per contract

² In bargaining process

Cost of Raises in FY18

- Baseline included CWA, IAFF and ATU contractual raises
- Raises for remaining employees (MAPS, FOP, PBA, IAFF-DC) would cost the General Fund approximately (prorated for nine months):
 - 1%: \$250,000
 - 2%: \$500,000
 - 3%: \$750,000

Compounding Cost of 2% Raises Over Time

General Fund Only – With Benefits

	FY18	FY19	FY20	FY21	FY22
FY18	\$850,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000
FY19	-	867,000	1,122,000	1,122,000	1,122,000
FY20	-	-	885,000	1,145,000	1,145,000
FY21	-	-	-	903,000	1,170,000
FY22	-	-	-	-	921,000
Total	\$850,000	\$1,967,000	\$3,107,000	\$4,270,000	\$5,458,000

LIVING WAGE

Living Wage

- Living wage increase to \$12.25 has been fully incorporated into 2018's baseline budget

\$12.50	Annualized	Prorated 9 Mos
General Fund	\$47,000	\$36,000
RTS	15,000	11,000
Other Funds	5,000	4,000
GRU	<u>11,000</u>	<u>8,000</u>
Total	\$78,000	\$59,000

\$12.75	Annualized	Prorated 9 Mos
General Fund	\$95,000	\$71,000
RTS	39,000	29,000
Other Funds	12,000	9,000
GRU	<u>24,000</u>	<u>18,000</u>
Total	\$170,000	\$127,000

Living Wage Impact on RTS

- RTS Fund is unable to absorb any additional salary increases given current funding
- Additional funding would have to come from General Fund for implementation
 - \$11,000 for nine months at \$12.50
 - \$29,000 for nine months at \$12.75

Living Wage Other Concerns



- Compression
 - Difficult to estimate (best estimates at appx. \$225k at \$12.50 and \$335k at \$12.75)
- Unions – subject to bargaining
 - Negotiation timing
 - Additional compression considerations
- Inflation factor
 - Build in automatically inflators?
 - Annual analysis of appropriate levels?

COMMISSION DIRECTION

Commission Direction

- Budget for Total Rewards Study in FY18?
 - Include set-aside for cost of implementation in FY19 budget?
- Budget for raises in FY18 and FY19?
 - If so, how much?
- Budget for living wage increase in FY18 and FY19 budget?
 - If so, how much?

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