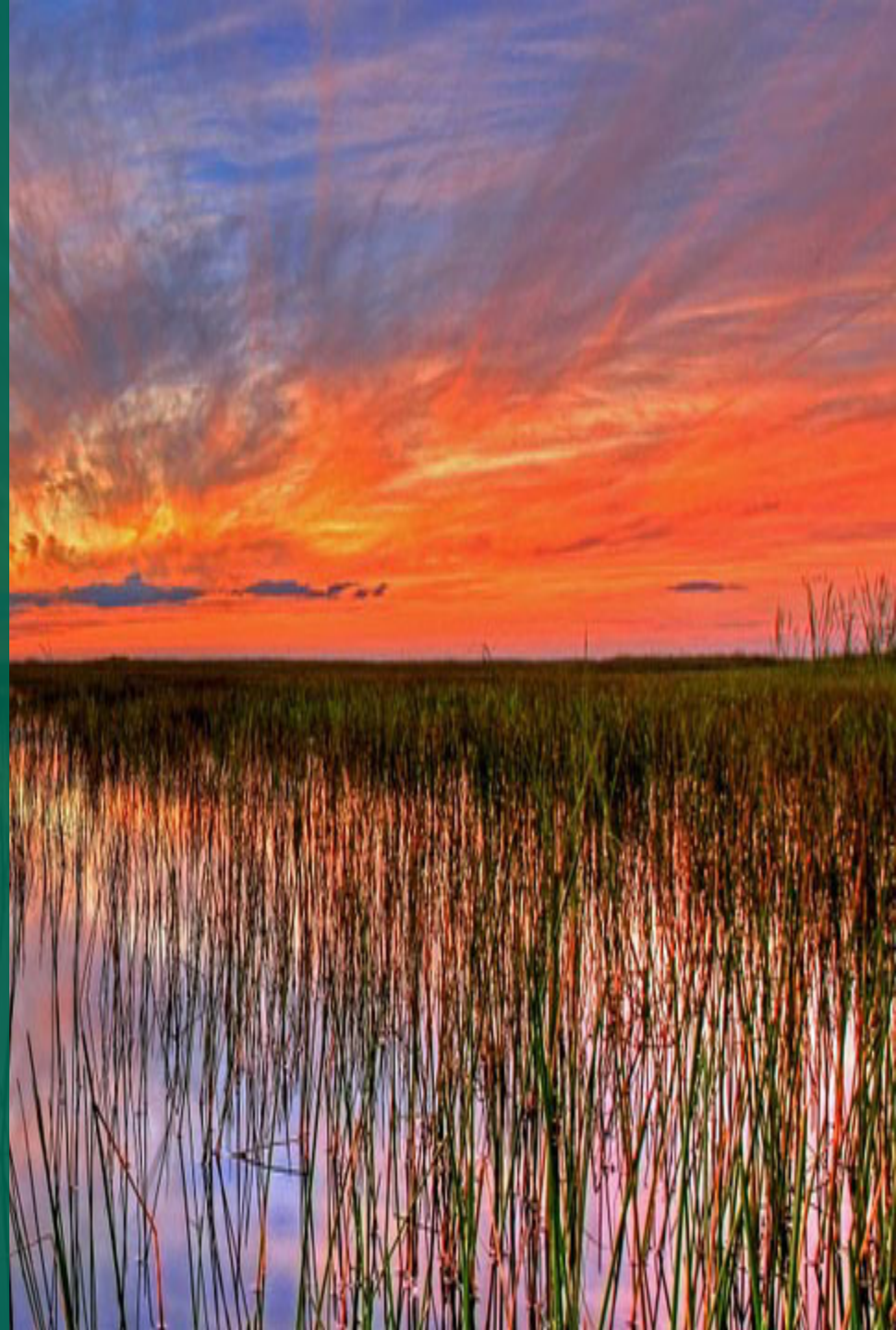


City of Gainesville

Charter Officers
Study and Analysis

June 2019



Background

The City of Gainesville engaged Korn Ferry (“KF”) to conduct a compensation review for its Charter Officers.

The Review covered the following key steps:



Review and refine current pay philosophy guiding principles to align with COG’s executive talent requirements



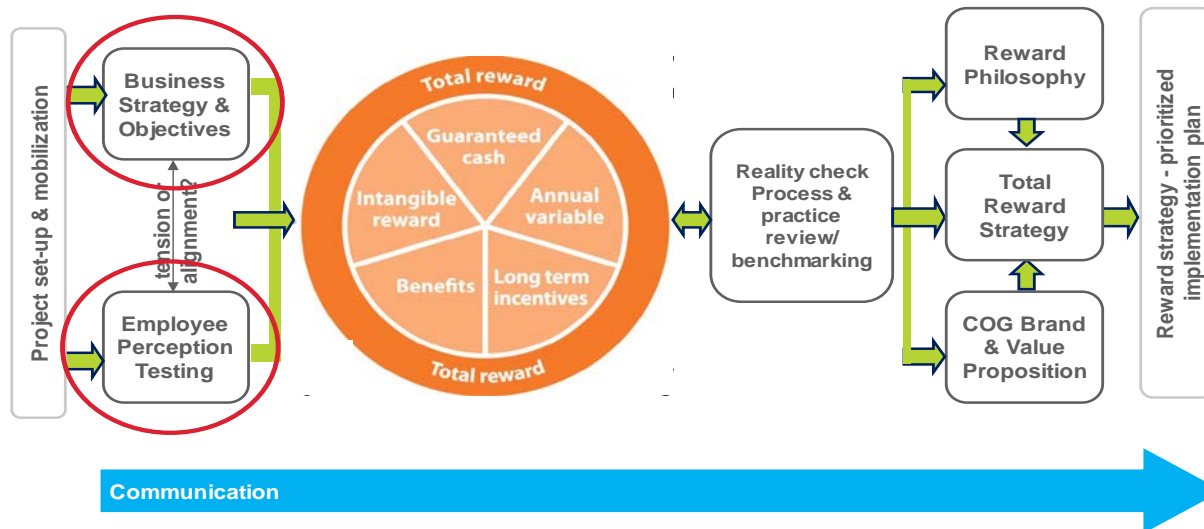
Review existing market comparator groups and target market positioning for total rewards market benchmarking



Provide design recommendations on compensation and policies, programs and methodologies where appropriate, for consideration by the City Commission

Background

- The City of Gainesville (COG), in partnership with Korn Ferry, has conducted a review of its core rewards program to ensure they are aligned with its mission and competitive against the appropriate peer group. It is important for the organization to have the tools and processes in place to effectively manage and support its future success. Therefore, the City has engaged with KF to make sure jobs are reviewed and rewarded appropriately to support the talent required to deliver on the mission.
- This report is a supplement to the larger report for COG, representing 6 Charter Officer positions.
- The chart below represents the approach and methodology used to review the Charter Officer total rewards structure.



Charter Officers Compensation Study

Korn Ferry has always taken the position that reward is a key lever in a Human Resources management portfolio to help effect change and deliver an organization's objectives. Reward needs to be seen as a holistic offering dealing with tangible as well as intangible elements which should be managed in concert to deliver maximum results.

- The City of Gainesville has recognized that in order to continue to support success, it needs to ensure compensation is at a competitive level across the organization. COG also needs to ensure that leadership continues to be committed to the organization and community and its mission.
- COG's Charter Officers may have similar opportunities in other organizations. Enhancing, streamlining and linking the compensation program and your talent management processes is critical to creating a transparent and well understood (and less complicated and modern) culture across the organization.

This report review the competitive position of the Charter Officers against the market.



Data Collection-Strategy, Organization & Individual Job Understanding

Understanding the organization and how it operates allows the consultants to compare to similar roles in the market. Our summary is below and reflected in the job evaluation.

- Korn Ferry gained an understanding of the organization, the current challenges facing the organization today, how the organization is structured internally and how it functions in the outside world (including strategy and KPIs). Additionally, the mission of the organization, has been clearly communicated.
- In addition, we understand the requirements and experience needed and technical skills for competent performance, budgetary impact, level of autonomy and the level of job accountabilities.
- It is clear that the Charter Officer roles support the mission of COG by leading with a strategic focus, developing opportunities through outreach and leadership and implementing all policy decisions. Management of all operations and programs and services provided by COG are the direct accountability of each role under their appropriate organization and function.



Internal Equity– Charter Officers

Position & Compensation Analysis

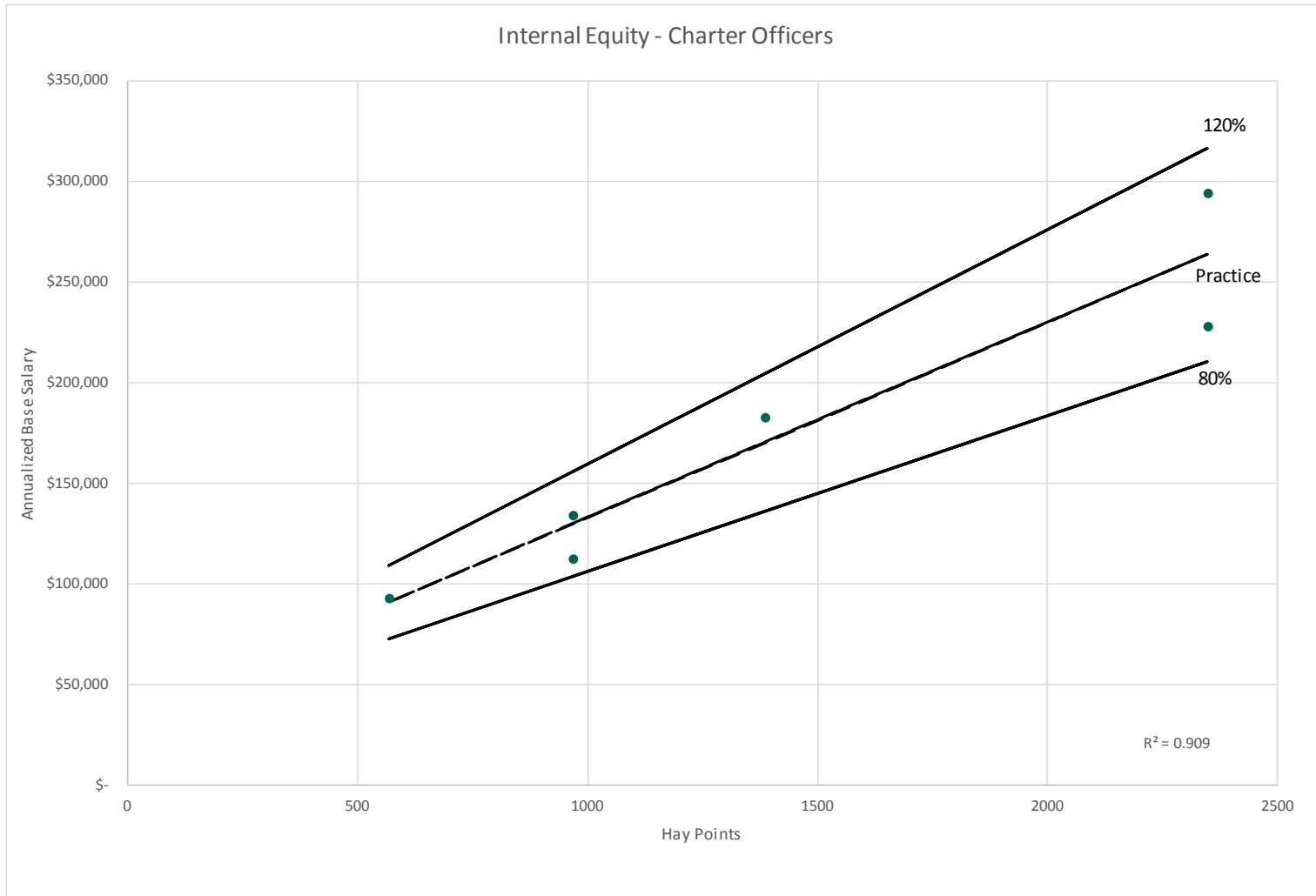
- **KF/Hay Group used its proprietary job evaluation method to accurately compare the Charter Officer roles:**
 - ✓ Externally to similar positions at comparator organizations.
- **This point factor job evaluation tool converts benchmark jobs to points allowing internal equity and market competitiveness analysis of:**
 - ✓ Current actual pay practice, and
 - ✓ Minimum, midpoint and maximum pay practices.

The chart on the following page reflects the internal relationship of actual pay with typical limits of dispersion for Charter Officers not included

- ✓ On the following slide, the internal equity analysis represent a range of reasonableness around your current pay practice
- ✓ Overall there is a relatively strong relationship between job size and current salaries (91% R-square)

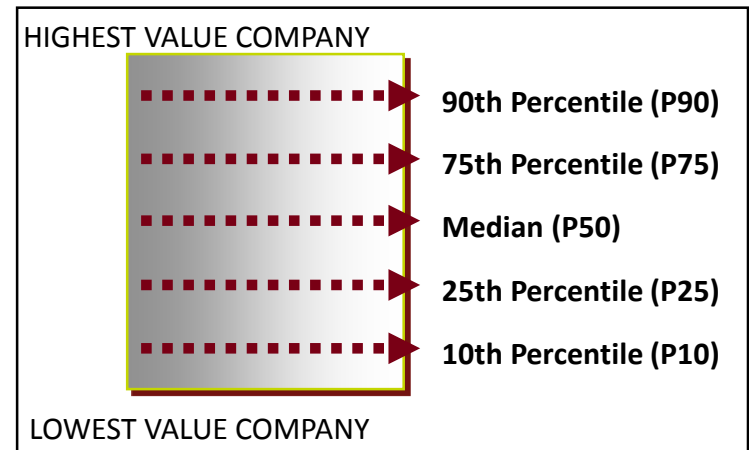


Internal Equity– Charter Officers



Market Analysis - Comparator Database and Market Level

- Marketplace data references were drawn from the various data sources referenced.
- The selected Comparator Group organizations are ranked according to the following percentile measures:
- 75% and 90% are “high-end” measures
- 10% and 25% are “low-end” measures
- Median (P50) is a mid-market measure



Market Peer Group Data Sources

- Given the diversity of roles in a city government such as COG, we have benchmarked roles utilizing multiple data sources that are relevant to your talent recruitment and retention strategy
 - ✓ We conducted a comprehensive custom survey reaching out to similar organizations that were cited as competitors
 - ✓ We also utilized relevant existing data sources, including Korn Ferry's own proprietary database which is comprised of public, private and not-for-profit organizations
 - ✓ We utilized a market blending approach for the peer group where weightings are applied to the market data to create an aggregate point-based market value

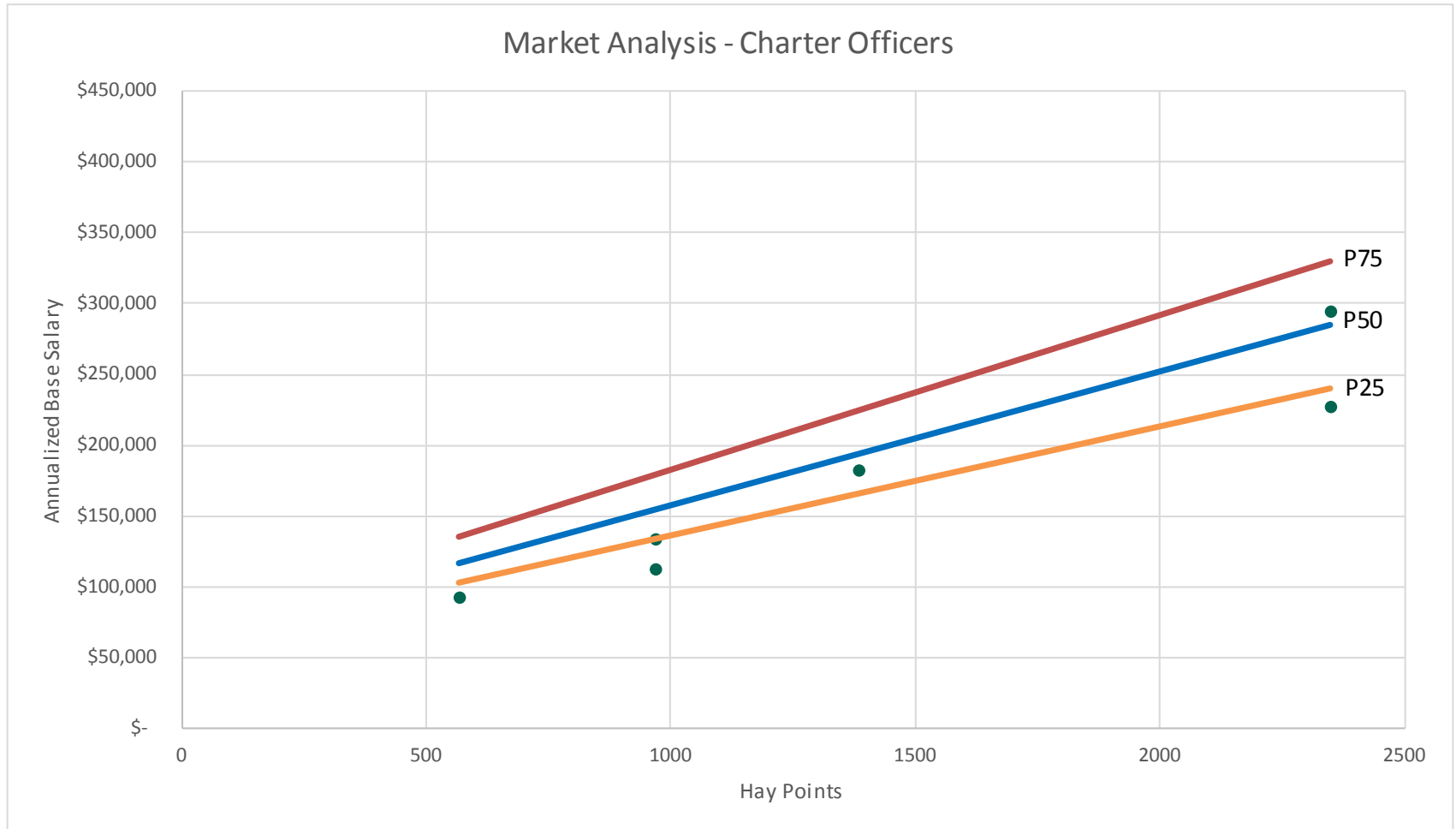
Primary Sources

Survey Data Source
Custom Survey conducted on behalf of COG
2018 Korn Ferry Energy Industry Survey
2018 Korn Ferry Utilities Survey
2018 Korn Ferry Public Sector Survey
2018 Korn Ferry General Market Survey
2018 Mercer IT Survey
2018 Western Management Group Utilities Compensation Survey

- ✓ All data has been aged with an annual aging factor of 3.0% and a geographic differential has been applied appropriately to reflect labor and living costs for Gainesville, Florida



Market Analysis - Comparator Database and Market Level



Observations

Pay Philosophy and Market Positioning:

- Many organizations follow the general guidelines below for targeted positioning against respective markets:

Market Percentile	Market Position	Rationale
75th Percentile	High End of the Market	Talent in short supply, vulnerable to competition
50th Percentile	Median/Average	Normal market conditions (with reasonable turnover), acceptable positions compared to peers. A strong recruitment and retention strategy.
25th Percentile	Conservative/Cost Conscious	Talent easily replaced/turnover not critical to operational effectiveness

- City of Gainesville's pay philosophy should be supportive of the talent strategy – this can be interpreted as recruiting best talent from the a national and surrounding competitive market

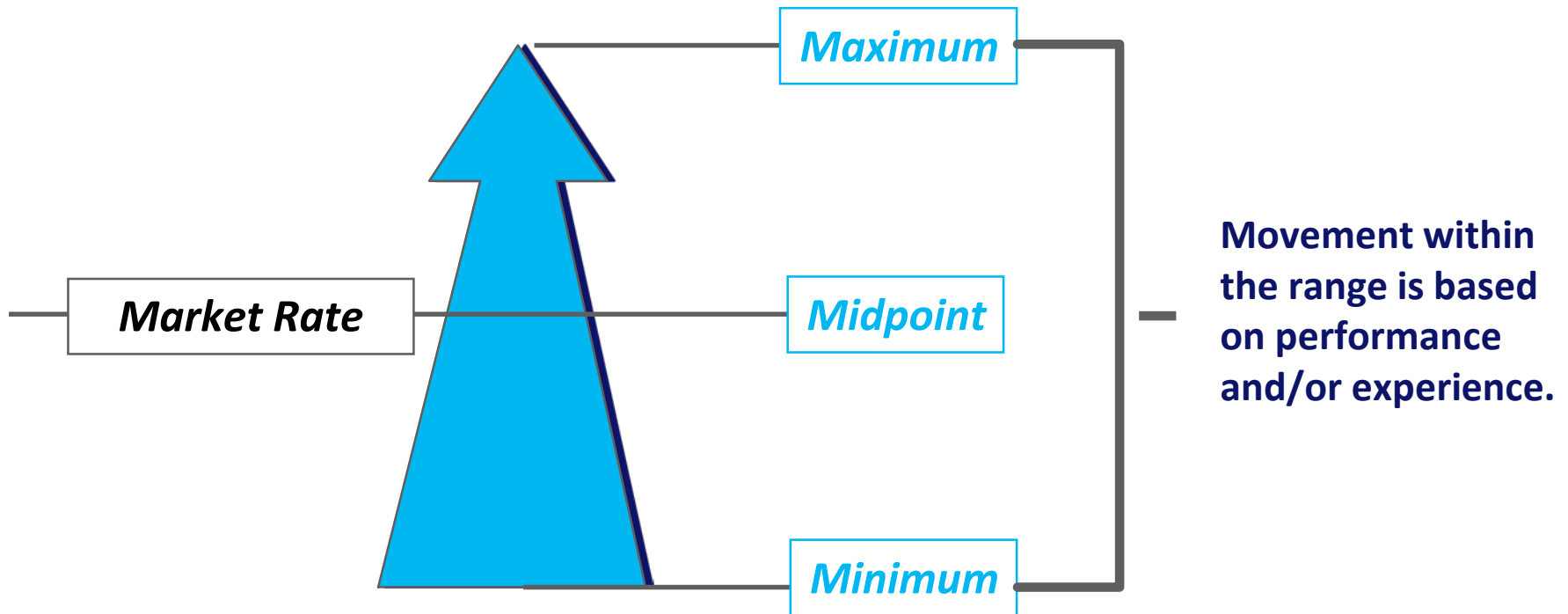
Market Analysis - Base Salary Compensation

- We have calculated a Base Salary Pay Range for the Charter Officer positions using the aggregate market data displayed at the 50th percentile, the proposed pay philosophy for the City.
- The minimum and maximum of the competitive compensation range represent 80% and 125% of the market value.

Charter Officer Position	Grade	New Minimum	New Midpoint	New Maximum
General Manager for Utilities	26	\$ 227,826	\$ 296,174	\$ 364,522
City Manager	26	\$ 227,826	\$ 296,174	\$ 364,522
City Attorney	23	\$ 150,577	\$ 195,750	\$ 240,923
City Auditor	21	\$ 129,000	\$ 167,700	\$ 206,400
Equal Opportunity Director	21	\$ 129,000	\$ 167,700	\$ 206,400
Clerk of the Commission	18	\$ 88,680	\$ 110,850	\$ 133,020

Market Analysis - Basic Salary Targets

The salary range is a function of the job - its job evaluation and market value

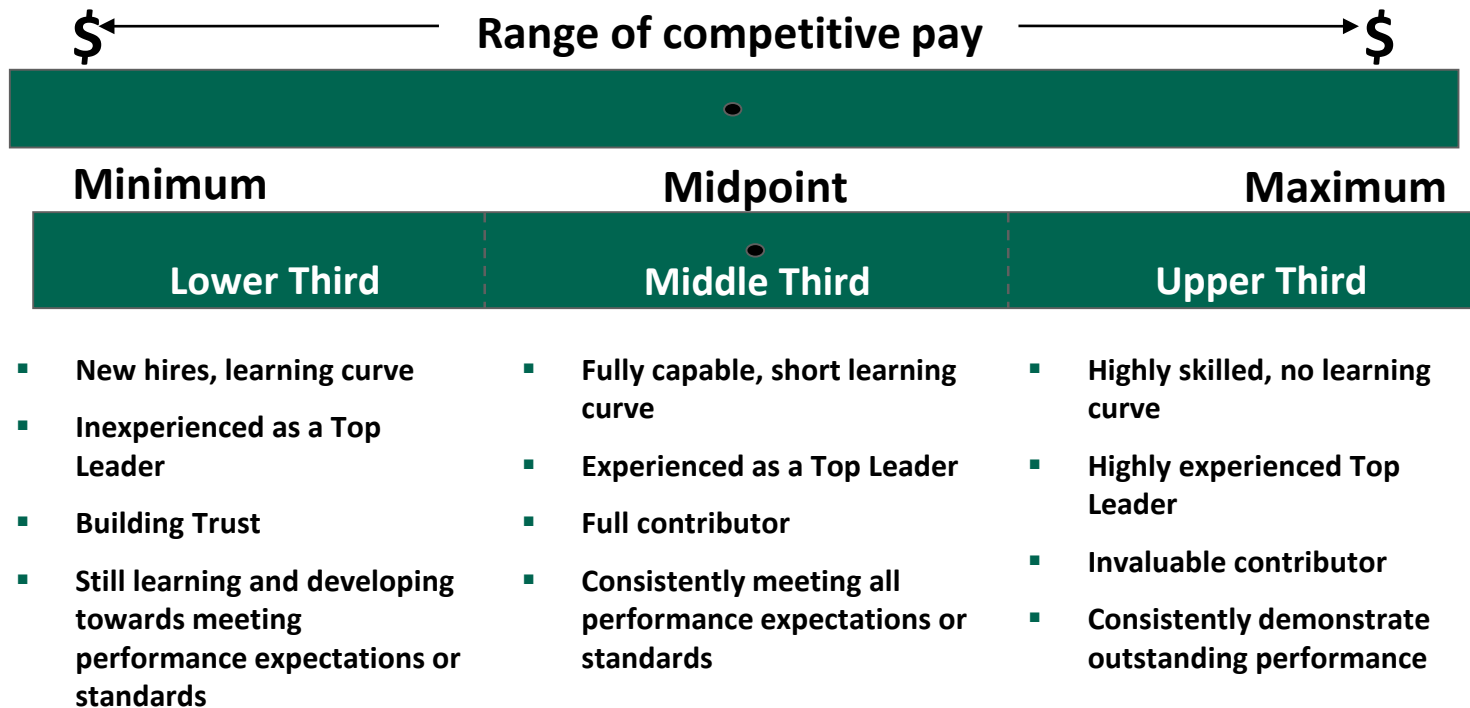


The midpoint of the salary range serves as the basis for external market comparison and is associated with performance and/or experience that Meets Job Performance Standards

Market Analysis - Salary Administration

Position-in-range becomes your primary pay administration tool once the structure is developed

- Ranges are typically divided into thirds or quartiles with defined expectations of employees at each level
- Ranges do not need to be evenly divided (i.e., you may want a wider middle section)



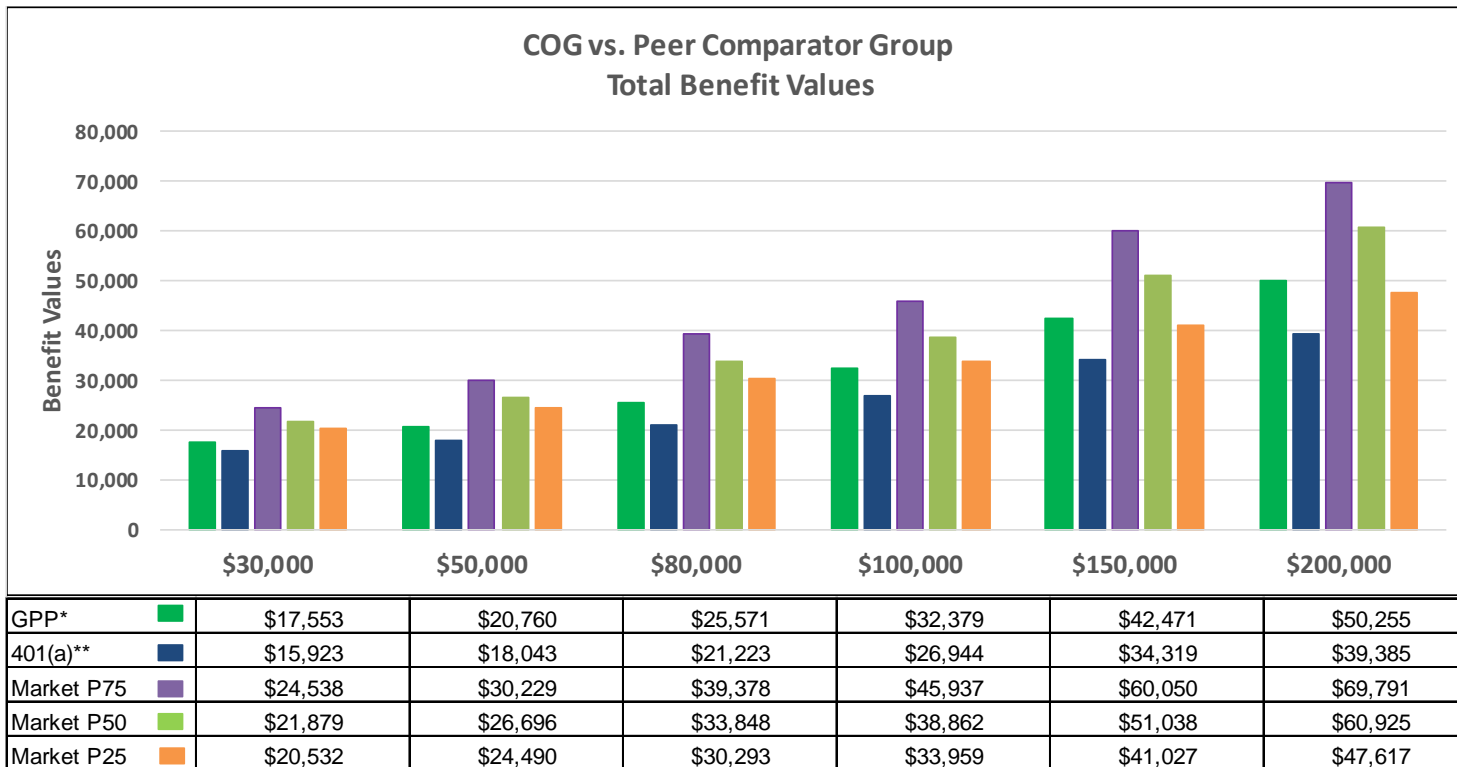
Benefits - Information for consideration

- Executive benefits and perquisites, in their various forms, have become a major component in the worth and impact of overall executive compensation.
- Organizations have an interest in properly balancing the design and use of such plans in order to attract, motivate, and retain the level of management talent that can best serve the organization's strategy and mission.
- The list below outlines some of the most prevalent benefits and perquisites provided to Executives.
- **The top five perquisites reported:**
 - ✓ Professional Clubs and Associations
 - ✓ Employment Contract
 - ✓ Supplemental Life Insurance
 - ✓ Supplemental Retirement (SERP, typically used for long-term retention)
 - ✓ Supplemental Disability Insurance
 - ✓ Other perquisites include tuition assistance, executive coaching, home office equipment and cellular telephones.



Total Rewards Study and Benefits

- Overall, COG provides a comprehensive benefits program to employees. The program includes a wide variety of non-statutory benefits such as retirement, health care, life insurance, disability, paid time off and other benefits. The table below shows the overall ranking of the total benefits program and each component.

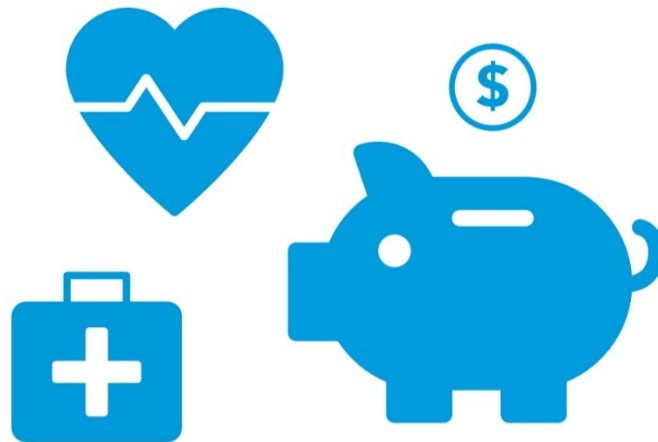


* Employees participating in the General Pension Plan (GPP)

** Employees participating in the 401(a) retirement plan

Recommendations - Executive Compensation Philosophy and Structure

- Korn Ferry recommends that COG continue to use a formal pay plan with a target practice at the 50th percentile of the “market” (we don’t see a need to go any higher or lower).
- If COG feels it is vulnerable to losing talent or has difficulty attracting talent from the private sector, then a more aggressive pay philosophy may be needed. Or consideration in other forms of remuneration should be reviewed (benefits such as a deferred compensation plan or more pay at risk in an incentive plan with key performance metrics).
- Additionally, COG offers a comprehensive benefits plan, although the health care plan is below market practice (a strong plan with good benefits but expensive up front costs).



Final Observations

- Based on Korn Ferry's analysis, we believe we have compared compensation for the Charter Officers with like services by like enterprises under like circumstances.
- To the extent that the suggestions are accepted and are able to be implemented, COG will strengthen its strategically-driven compensation system that:
 - ✓ Is internally fair and equitable as well as flexible;
 - ✓ Is reasonably externally competitive in a constantly changing marketplace;
 - ✓ Rewards performance;
 - ✓ Fosters collegiality, teamwork, and consensus;
 - ✓ Focuses on recruitment and retention of qualified and valued officers;
 - ✓ Is appropriate and affordable for the nature and size of the organization; and
 - ✓ Assists the organization in achieving its mission.

***We appreciate the trust you have placed in Korn Ferry
to conduct this study.***



