



Employee Pay Plan

December 2008

Background

- Top priority of council.
- Department heads raised this issue again at the February 2008 retreat and priority was re-established.
- The previous plan was developed in 2001 and adopted in 2002. By 2003, it was determined to be unattainable given city's budgetary constraints.
- Current goal is to create a plan that is achievable with current city resources.

2009 Budget Impact

- General Fund - \$149,147
- SteamPlant Fund - \$18,879
- Enterprise Fund - \$25,209
- Total salary adjustments - \$193,235
- Including taxes and benefits, the total impact on the budget will be approximately \$220,000
 - \$11,000 additional retirement contributions
 - \$15,000 additional FICA

Scope of Pay Plan

- Compensation Philosophy
- Job Levels
- Job Level Criteria
- Position Titles and Job Descriptions
- Assignment of each position to a job level
- Job Category or Class (consider for future implementation)
- Salary Ranges
- Performance Management Process
- Personnel Evaluation Forms
- Training Materials

Out of Scope

- Updates to the 2004 Personnel Manual (to be completed in 2009)
- Revisions to benefit plans / retirement plans
- Adoption of an employee code of conduct

How We Developed the Pay Plan

- Developed scope of personnel management / compensation to be addressed in the Pay Plan – it's not just a pay scale.
- Defined criteria to objectively group employees into a job level or pay grade.
- Department heads ranked positions within their departments.
- All responses were reviewed for inter-departmental consistency; some adjustments made – some upward & some downward.
- Job levels were validated by reviewing CML salary survey data for specific positions.
- Job duties were clarified to ensure relevant comparables where significant salary differences were noted.
- “Default” employee was middle of range; adjusted some based on tenure or hitting a cap on % increase or end of salary range.

First Year Timeline

- Review plan with department heads – December 5 to 8
- Council work session – December 8
- Revisions based on Dept Head / Council input (if needed) – week of Dec 8
- Council approval – December 15
- Meet with all personnel to explain pay plan, job levels and salary increases – by end of December
- Effective date of new salaries – first pay period in January
 - Time worked from Dec 31 to Jan 13
 - Jan 16 pay date
- 2010 performance goals for each employee – by January 31
- Manager/Employee performance discussions – at least quarterly
- Determine preliminary raise pool for 2010 budget – by September 30
- Update salary ranges for 2010 – by September 30
- 2009 Performance Appraisals – due on October 31
- Determine salary increases for each employee – November 15 (to be effective on first pay period of 2010)

Compensation Philosophy

- Practice adopted by council to establish goals and objectives underlying the pay plan. For example, the compensation philosophy may address how competitive the city will be in setting compensation levels, how raises are determined, the cost sharing of benefits, etc.

Compensation Philosophy, cont.

- Recognizes the importance of employees in achieving the City's mission and goals
- Sets a goal to compensate employees at 85% of market based on CML data
- Outlines the expectation that employees focus on the best interests of citizens
- Employees are expected to continually improve and add new skills
- Compensation is based on performance, not tenure

Compensation Philosophy, cont.

- The document in your package will be revised to expand upon the “pay for performance” concept and to more broadly address total compensation for employees (ie. insurance, retirement contributions, etc.).
 - Health insurance coverage costs the City between \$4,324 (individual) to \$10,401 (family) per year.
 - Individual coverage - City pays 100% in high deductible plan or 90% in PPO 3 plan
 - Family medical coverage – City pays 80%.
 - Dental coverage costs the City \$379 (individual coverage paid 100%) to \$940 (family coverage paid 75%).
 - Retirement contributions are 8% for fire & police and 3% to 6% for other full-time employees.



Job Levels & Job Level Criteria

- *Job Levels* are used to establish a progression of position rankings and pay grades based upon an objective set of criteria.
- *Job Level Criteria* are the characteristics common to all positions used to objectively distinguish between job levels.
- Between 4 and 7 levels are defined for each criteria to distinguish between employee pay grades.

Job Level Criteria

1. *Scope of Authority* – Outlines the amount of authority that exists in any given job. This covers the amount of supervision one receives or the amount of supervision exercised over others. It also includes skills needed for effective problem resolution, long-range planning and judgment.
2. *Technical Skills* – Outlines the skills necessary to do the job and, at higher levels, the amount of technical knowledge one must possess in order to grasp the principles of the job.

Job Level Criteria, cont.

3. *Education, Training and Certifications* – This criterion sets the minimum for education, training and certification requirements that a particular job may require, utilizing the job descriptions to make this determination.
4. *Impact of Results* – This criterion is an effort to gauge the impact of decision-making. For instance, a small mistake that has no real impact on the overall operation of the City is different from a substantial mistake that may be made by a higher-level position, resulting in loss of credibility, major public health risk, perhaps a lawsuit or substantial monetary loss to the City.

Job Level Criteria, cont.

5. *Interpersonal & Communication Skills* – This encompasses customer service and an employee's ability to build effective working relationships across departments and at all levels of the organization. Also included are effective written and oral communications, the ability to earn credibility and respect and to negotiate mutually successful outcomes with other parties.
6. *Working Conditions* – This criterion recognizes the differences in the environmental aspects of the job - sitting at a desk in an air-conditioned or heated office as opposed to working outside in extreme hot or cold temperatures, or under hazardous conditions. Although not a performance attribute, this criteria is considered in the pay grades.

Job Titles and Job Descriptions

- We reviewed existing job descriptions and made revisions for a consistent format.
- Created job descriptions in cases where one did not exist.
- Reviewing job titles was also part of the scope of the pay plan project in an effort to gain more consistency within and between departments. This is an on-going part of the project.

Salary Ranges

Job Levels	Level Code	Salary Range - Current			Goal			85%	Salary Range - Market		
		Min	Mid	Max	Min	Mid	Max	Min	Mid	Max	
Chief Executive	Level 10	\$ 40.87	\$ 43.27	\$ 45.67	\$ 33.15	\$ 41.44	\$ 49.73	\$ 39.00	\$ 48.75	\$ 58.50	
Director	Level 9	23.12	26.50	29.88	26.35	32.94	39.53	31.00	38.75	46.50	
Manager II	Level 8	21.64	22.96	24.27	22.10	27.63	33.15	26.00	32.50	39.00	
Manager I	Level 7	16.84	19.78	22.72	19.55	24.44	29.33	23.00	28.75	34.50	
Experienced Staff IV	Level 7	16.84	19.78	22.72	19.55	24.44	29.33	23.00	28.75	34.50	
Supervisor II	Level 6	15.00	17.85	20.70	17.85	22.31	26.78	21.00	26.25	31.50	
Experienced Staff III	Level 6	15.00	17.85	20.70	17.85	22.31	26.78	21.00	26.25	31.50	
Supervisor I	Level 5	12.95	14.20	15.45	15.30	19.13	22.95	18.00	22.50	27.00	
Experienced Staff II	Level 4	11.75	13.59	15.43	12.33	15.41	18.49	14.50	18.13	21.75	
Experienced Staff I	Level 3	10.00	11.18	12.36	9.78	12.22	14.66	11.50	14.38	17.25	
Staff	Level 2	8.75	9.45	10.14	7.65	9.56	11.48	9.00	11.25	13.50	
Trainee / Seasonal Worker	Level 1	7.02	8.51	10.00	7.02	8.78	10.53	7.02	8.78	10.53	

Performance Management

- Cycle of activities followed by management to establish short and long-term individual goals and to measure performance against those goals in the fulfillment of job duties.
- Beginning with the next raise cycle (2010 budget year), individual performance will determine salary increases for City employees.

Performance Management



- Performance management is an on-going process or cycle.
- Managers and employees should discuss progress toward performance goals and personal development throughout the year.
- The annual performance appraisal is a re-cap or summary of the discussions that have occurred throughout the year.

Performance Management

- Annual goal setting
- Employee / Manager 1x1 discussions
- Commendations
- Disciplinary Forms
- Annual Performance Evaluation
- Merit increase
- Special recognition bonus policy to be considered



Next Steps

- Council Approval of Plan
- Employee Training
- Update / refine personnel forms
- Job Aids for Managers
 - 1x1 feedback forms
 - 360 feedback gathering forms
 - Communication guidelines
- Your comments & questions

