

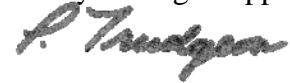

ROSEVILLE
REQUEST FOR COUNCIL ACTION

Date: August 19, 2013

Item No.: 13.a

Department Approval

Interim City Manager Approval



Item Description: Classification & Compensation Study Policy Recommendations and Implementation

1 **BACKGROUND**

2 As requested by the City Council this item is being brought back for consideration. Staff
3 recommends updating the compensation policy to state that the City policy is to provide wages
4 equal to 100% of the average of peer communities.

5 The current compensation plan is based on meeting 97% of Roseville's peer community's
6 average for wages of benchmark positions. This policy was designed and implemented as a
7 result of the last compensation study conducted in 2002. The current compensation plan also has
8 a merit pay component that allows for the top 20% of performers to earn up to 115% of top pay
9 based on achievements and overall performance. At time of implementation, it was expected
10 that the entire compensation plan including the merit pay component would be fully funded over
11 the years to reward top performers based on their achievements.

12 Since that time, the current compensation plan has not worked according to its design. The 97%
13 pay plan component has slipped to closer to 95% over time. In addition, the merit pay program
14 has never been appropriately funded to reward achievements of the top 20% of staff, nor has it
15 been applied equally across the City.

16 **POLICY OBJECTIVE**

17 To deliver a wage system and structure that is fair and equitable while allowing Roseville to
18 attract and retain quality staff in the marketplace.

19
20 **BUDGET IMPLICATIONS**

21 To a service organization especially, staff is an asset much the same as the equipment used to
22 provide services. Without a focus to maintain the organizations assets they decline in value and
23 production output. Thus, a balance of funding for all asset classes needs to be achieved.

24
25 The proposed 2014 budget has funds set aside to adjust wages to be at approximately 100% of
26 the peer communities identified in the Compensation study. It is proposed that there is a 2.6%
27 wage adjustment done on January 1, 2014 and another 2% wage adjustment on July 1, 2014.

28 The cost will be funded by a shift of wellness funds as well as the merit pay funds. These shifts
29 along with new levy dollars in 2014 will fund the adjustment in 2014. Approximately another

30 \$42,000 will need to be levied in 2015 to cover the cost of the wage adjustment.

31

32 **STAFF RECOMMENDATION**

33

- 34 1. Establish the policy for the pay plans for non-union, exempt and non-exempt, at 100% of the
35 10 peer City average as was shown by the study, resulting in a 4.6% increase to the pay plans
36 (eliminating the merit pay component).
- 37
- 38 2. Positions found to be more than 6% under the market average after plan adjustments would
39 be reviewed and potentially reclassified to the next higher grade at the step just above their
40 current rate of pay. It is expected there will not be more than 8 positions with a total levy
41 and non-levy cost not to exceed \$20,000.
- 42
- 43 3. Implement the 100% of peer city average pay plans beginning with the 2014 Budget with
44 2.6% wage adjustment on January 1, 2014 and the final 2% adjustment on July 1, 2014.
- 45

46 *(It should be noted that all of these actions should be considered together and not separately*
47 *as all will need to occur in order to implement the 100% of the peer City average pay plans).*

48 **REQUESTED COUNCIL ACTION**

49 Motion to set policy and implement as staff has recommended above.

Prepared by: Eldona Bacon, Human Resources Manager (651) 792-7025
Patrick Trudgeon, Interim City Manager (651) 792-7021

Attachment A: Draft Compensation Policy Submitted by Mayor Roe

Draft Compensation Policy:

Dated 8/19/13

(drafted by Mayor Roe as a starting point for a Council discussion)

Purpose:

To provide for market-competitive wage and salaries for non-union, exempt and non-exempt personnel, as measured against peer employers, in order to maintain an experienced, competent, and motivated work force in the City.

Policy:

The policy of the City of Roseville will be to maintain the average of the top wages or salaries of the City's comparable non-union, exempt and non-exempt positions between 98% and 102% of the average of the top wages or salaries of the same positions as measured among the City's peer employers.

Implementation:

1. The City will increase all top non-union, exempt and non-exempt wages and salaries by 4.6% as of January 1, 2014, in order to bring the average of the top wages or salaries of the City's comparable positions to 100% of the average of the top wages or salaries of the same positions among the peer employers as identified in the April 8, 2013, Compensation & Classification Study.

Further, the City will re-classify certain positions as of January 1, 2014, which remain greater than 6% below the average of their comparable positions among the peer employers as identified in the April 8, 2013, Compensation & Classification Study, even after the implementation step described above.

2. Subsequent to 2013, the City will undertake a Compensation & Classification Study during the first half of every 6th (or 4th?) odd-numbered year, which will define that study's comparable positions and peer employers, and analyze the average of the City's top wages or salaries for those positions against the averages of the top wages or salaries for the comparable positions at the peer employers.
3. Implementation of Compensation & Classification Studies will occur in the budget for the year subsequent to the conduct of the study. Adjustments will be made to all non-union, exempt and non-exempt wages and salaries based on the difference between the average of the City's top wages or salaries for the comparable positions and the average of the peer employers' top wages or salaries for the comparable positions, using the following standards.

47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65

- a. If the City average is at or below 98% of the peer average, the City will adjust all applicable wages and salaries for the subsequent year by an amount that would bring the City average to 100% of the peer average. No cost of living adjustment to the applicable wages and salaries need be considered for the budget year in which such an adjustment is made.
 - b. If the City average is between 98% and 102% of the peer average, no adjustment to applicable wages and salaries will be required beyond whatever cost of living adjustment the City may deem appropriate.
 - c. If the City average is at or above 102% of the peer average, the City may impose a 0% cost of living adjustment for all applicable wages and salaries for up to 2 subsequent budget years, other considerations notwithstanding.
4. Funds required for implementation will be provided for in a sustainable manner as determined by the City Council at the time of implementation.

DRAFT