



Legislation Text

File #: RES 20-0009, **Version:** 1

ITEM TITLE:

#20-09 - Authorizing Implementation of the Citywide Pay Plan Adjustment

SUBMITTED BY:

Rhea E Cragun, Human Resource Director

FISCAL NOTES:

Expenditure Required: \$404,070

Unencumbered Balance: \$1.1MM (estimated 2020 year-end remaining balance of salary/benefits, citywide)

Funding Source: Allocated across all staffed department salary/benefits cost codes

RECOMMENDATION:

Approve

SUMMARY STATEMENT:

- The proposed plan represents an upward adjustment to select positions, citywide, such that Step F reflects the market median for each position, per the Foraker analysis.
- The plan as presented is a single, citywide corrective measure which resolves this aspect of the salary study findings.
- The plan impacts fifty-nine full time employees in twenty-eight positions, and has an estimated total cost of \$404K (2.4% of 2020 salary/benefits budgets).
- Staff recommends no budget amendment at this time.
 - Mid-year vacancies historically yield budget savings of over \$1MM annually, which exceeds the estimated \$404K cost of this proposal.
 - If needed, staff would bring a budget resolution to Council late in the year to re-allocate salary/benefits funds among departments, but without increasing the total citywide salary/benefits budgets.

BACKGROUND:

- Administration initiated a Pay Study with The Foraker Group that has been presented to the Valdez City Council over the last two years.
- Following Council direction to develop an implementation strategy, City Manager convened an

internal committee comprised of himself, the Employee Relations Team Co-Chair, City Clerk, the two Assistant City Managers, and the directors from Finance and Human Resources.

- This committee unanimously supports the proposed corrective measures, and seeks Council authorization for full implementation.
- The committee views this proposal as the most advantageous and equitable way to bring front-line staff and other under-market positions up to market rates as reflected in the Foraker study.

ANALYSIS

- **Pay Scale:** The City's pay scale consists of thirteen "levels", represented by numbers, and ten "steps", represented by letters. (see attachment).
 - Positions are assigned a level, and starting wage is commonly within the A-C step range of that level.
 - Employees move upward through the A-E steps annually, then bi-annually through steps F-J, then every three years from steps K-M.
- **Proposal:** The proposal reflects moving select positions to a higher pay level, so that "step F" of that level reflects the market rate for that position, as quantified in the Foraker study.
 - Steps A through E remain below market, but approach market rates annually until step F is reached.
 - The City's benefits exceed those of comparable organizations, and therefore offset the below-market salary/wage rates.
 - The proposal attempts to ensure that total compensation rates are competitive at every step, but also that the longevity, experience, and acquisition of skills are incentivized in a cost-effective manner for the benefit of the organization.
- **Impact and Cost:** The proposal impacts twenty-eight positions and fifty-nine employees, and has an estimated 2020 cost of \$404K. (see attachment)
 - Costs are calculated based on 2020 budgets for current employees in the identified positions.
 - Estimated costs may differ from actual 2020 costs, depending on position turnover during the year, and the timing of implementation.
 - The proposal includes a re-positioning of an employee from Admin Assistant to Office Manager, and therefore skews the figures in those two categories.
 - A \$1 increase in wage triggers an approximate \$0.31 increase in benefits. This is primarily driven by retirement costs (PERS: \$0.22; 401a: \$.062).
 - The estimated cost is a 2.4% increase over citywide adopted 2020 wages/benefits, and a 6.6% increase above the budgets for the selected positions.

- This estimate is not pro-rated; it reflects implementation for the entire 2020 calendar year.

NEXT STEPS

- **Adoption and Implementation:** If authorized by Council, management will implement the plan for the identified positions. This can be immediate, retro-active (e.g. to Jan 1, 2020), or scheduled for a future date.
- **Budget Adjustment:** The City budgets for full employment, and vacancies during the year typically yield over \$1MM of savings under-budget. **Therefore, staff does not recommend a formal budget adjustment**, other than to re-allocate existing appropriations among departments late in 2020, if/as needed.
- **Remaining Topics:** Management recognizes other related topics in need of ongoing discussion. The committee will continue its review of the following topics, and will present to council over time as they are developed:
 - “compression” of wages between new / inexperienced and tenured / experienced employees
 - Authority, parameters and procedures for City Manager to revise personnel pay rates and classifications
 - Alternatives to current pay scale structure
 - Pay supplements based on merit or attainments, in addition to COLA and longevity
 - Ongoing assessment of the current pay-plan proposal