

**MANAGEMENT SERVICES MEMORANDUM
#9-2019**

DATE: August 19, 2019
TO: Honorable Mayor Antonio B. Esquibel and City Council Members
THROUGH: Heather Geyer, City Manager *Hmg*
FROM: Paula Jensen, Director of Management Services *PJensen*
SUBJECT: Proposed Employee Compensation Plan

PURPOSE

Staff is seeking approval to move forward with 2020 implementation of a new employee compensation plan. The City of Northglenn contracted with Candy Johnson, Principal of Compensation Studio LLC, to review the current compensation plan, conduct a salary survey market analysis, update the civilian 2020 salary ranges and the Police Officer step plan, and compare current rates of pay with the identified labor market. Below summarizes the methodology followed when designing and analyzing compensation programs.

BACKGROUND

Strategic Review

Working primarily with the City Manager and Director of Management Services, we reviewed the historical compensation approach and identified objectives for the plan update. While the current plan had been consistently developed and maintained, we determined that the practice of considering only ten organizations was not truly representative of the comparative labor market. In addition, we chose to move away from the use of prescribed step movements in the civilian ranges as it is no longer a common practice in public sector plans. The Police Officer plan, previously updated in September 2018, includes steps within the range.

In order to guide plan decisions regarding design and administration, the City's leadership team reviewed and updated the Compensation Philosophy statement which follows.

Northglenn is committed to providing a fair and competitive compensation program that will attract, retain and reward high-performing employees.

The compensation program consists of the following elements:

- *Transparency: Provide employees access to job-related content, pay guidelines and salary ranges.*
- *Flexibility: Support a diverse organization to accommodate differences and changes in job requirements, job market and economy.*
- *External Competitiveness: Reflect pay rates for comparable jobs within the relevant labor market.*
- *Internal Comparability: Provide pay guidelines that ensure similar jobs are paid equitably across the organization.*

- *Performance: Reward employees at a level that signifies the value of the employee to the organization and encourages retention.*
- *Benefits: A comprehensive and competitive employee plan consisting of various insurance and retirement benefits.*
- *Quality of Life: Provide programs and guidelines to include professional development and training, health and wellness programs, and attractive paid leave.*

Job Matching and Market Pricing

To identify the most relevant match between the City's positions and the survey job description, we considered duties performed and qualifications required of the job. We do not match by job title.

We met with each department head to gain input and approval on all job matches. In discussions with department heads, we also reviewed factors such as the degree of knowledge/skill, job family progression, span of control, reporting relationships, scope of decision-making authority, and overall impact on the organization. We strive to match a position to the survey job if a 70 to 80 percent match exists between the incumbent's job responsibilities and the duties listed in the survey. For some positions, there was no strong job match available. Those positions were slotted in the structure considering the compensable factors noted above.

Salary Surveys and Data Lines

After obtaining the final job match, we collected salary information. The specific surveys and data lines used in this analysis were:

- Employers Council 2018 Benchmark Compensation Survey (Denver/Boulder data line)
- Employers Council 2018 Public Employers Compensation Survey (Denver/Boulder data line)
- Employers Council 2018 Information Technology Compensation Survey (Denver/Boulder data line)

The survey data line of Denver/Boulder employers was chosen to reflect the labor markets the City competes within and comprises pay rates from employers in both the public and private sectors.

Previously, the City compared salary ranges, rather than the average of pay rates, of ten other cities. This practice resulted in a smaller sample size and compared an administrative practice rather than actual pay rates. (Not all organizations regularly update or pay within their published salary ranges.) For each job, we noted the survey title, data line, number of organizations reporting a match, and the number of pay rates in each sample. Data with 30 rates or more is considered to be a statistically accurate average; however, it is not always possible to find a large sample for certain positions.

Adjust Survey Data

Since the effective dates of the salary data varied by survey, we aged the data and brought it forward to a common date of January 1, 2020. We used an adjustment factor that represents the annual percent of salary movement for public sector employers. Aging data also enables the employers to keep pace with market movement.

The U.S. Department of Labor, Bureau of Labor Statistics, compiles and publishes the Employment Cost Index (ECI) every quarter. The ECI reflects the percentage change in employer costs for employee compensation. As of the end of the first calendar quarter, the ECI rate is 2.5%. We prorated this factor based on the period from each survey's information collection date to January 1, 2020.

Develop Salary Grades and Ranges

Based on the updated survey data, jobs were grouped together in grades. Directors then reviewed their department listings to identify any anomalies and confirm proper job placement. We then developed a salary range for each grade, which includes a minimum, midpoint, and maximum pay scale for the job assigned to that grade. Calculation of the midpoints for each range is typically based on the aggregate of the survey weighted averages. The minimum and maximum pay are calculated based on the range spread. Typical range spreads vary depending upon the level of position.

As market data focuses on payment for the job, the salary range provides flexibility to pay the incumbent according to criteria based on the organization's philosophy and strategy. This can include specific experience, goal accomplishment, performance, length of service or any other criteria that is deemed important.

The proposed structure includes sixteen pay grades. Police Sergeants were placed in a single grade with a range minimum calculated at approximately five percent above the top Police Officer step.

Review Cost to Implement

Employee pay rates were reviewed relative to their position in the salary range. A number of pay rates were below the proposed range minimums. The cost to bring pay rates to the salary range minimums is approximately \$90,000. This includes the impact of the Colorado state minimum wage increase to \$12.00 per hour as of January 1, 2020. Employees only receive an adjustment if their pay rate is below the updated minimum of the salary range. No pay rates were above the range maximums.

In addition, pay rates were compared to the midpoint of their salary range by dividing the pay rate by the range midpoint. This measure, known as compa-ratio, is expressed as a percentage; typically, newer employees are paid less than midpoint or less than a 100% compa-ratio. Employees who have higher levels of skill or experience may have a compa-ratio above 100%. The City average compa-ratio, before bringing employees to minimum noted above, is 91.3%.

Summary

Compensation is a fluid and dynamic aspect of human resources. Every employer considers pay differently based on their organizational strategy, total compensation program elements, culture, ease or difficulty in attracting and retaining qualified talent, legal compliance, and budget constraints. Balancing a variety of factors, including performance and organizational goals, along with market analysis are part of the salary decision process.

A well-designed plan should enable the City to attract, motivate, and retain qualified individuals, be flexible to adapt to changing conditions, and provide some predictability of payroll costs.

STAFF RECOMMENDATION

Staff recommends approval to implement the new employee compensation plan for 2020.

BUDGET/TIME IMPLICATIONS

The cost to bring pay rates to the salary range minimum is approximately \$90,000, which includes the impact of the minimum wage increase to \$12.00 per hour as of January 1, 2020. If Council provides approval on the proposed plan, formal approval of the new plan will take place with the adoption of the 2020 City Budget on October 28th. Additionally, a corresponding approval of department director salary ranges will be brought forward as done according to City Code.

STAFF REFERENCE

If Council members have any comments or questions they may contact Heather Geyer, City Manager, at hgeyer@northglenn.org or 303.450.8706, or Paula Jensen, Director of Management Services, at pjensen@northglenn.org or 303.450.8877.

ATTACHMENTS

1. Compensation Project Power Point
2. Proposed 2020 Grade Table
3. Proposed 2020 Police Officer Step Plan

CITY OF NORTHGLENN

**Compensation Project
Overview
August 2019**

OBJECTIVES

- Assess pay competitiveness with labor market
- Ensure consistent approach to pay decisions
- Align program with mission and values
- Design updated structure to be flexible and financially sustainable

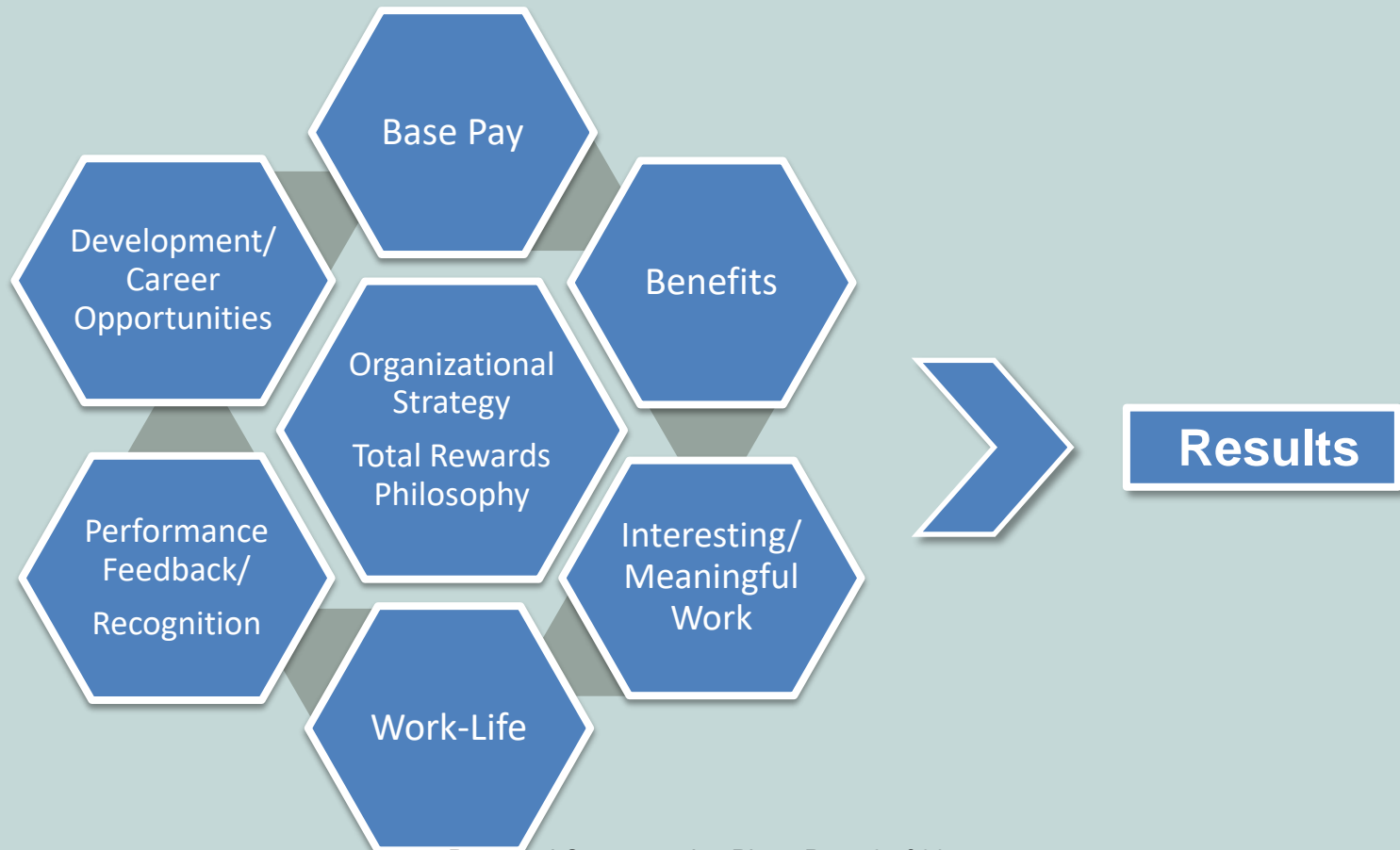
PROJECT METHODOLOGY

- Discuss objectives/update philosophy
- Review updated job descriptions
- Match jobs to survey description
- Obtain Director input and approval
- Collect salary survey data
- Design salary structure/conduct cost analysis
- Implement plan
- Communicate program

PHILOSOPHY/STRATEGY

- Examine organizational mission and culture
- Consider business climate/labor markets
- Identify skill sets/behaviors to reward
- Leverage total compensation elements

TOTAL COMPENSATION MODEL



UPDATED COMPENSATION PHILOSOPHY

Northglenn is committed to providing a fair and competitive compensation program that will attract, retain and reward high-performing employees.

- The compensation program consists of the following elements:
- **Transparency:** Provide employees access to job-related content, pay guidelines and salary ranges.
- **Flexibility:** Support a diverse organization to accommodate differences and changes in job requirements, job market and economy.
- **External Competitiveness:** Reflect pay rates for comparable jobs within the relevant labor market.
- **Internal Comparability:** Provide pay guidelines that ensure similar jobs are paid equitably across the organization.
- **Performance:** Reward employees at a level that signifies the value of the employee to the organization and encourages retention.
- **Benefits:** A comprehensive and competitive employee plan consisting of various insurance and retirement benefits.
- **Quality of Life:** Provide programs and guidelines to include professional development and training, health and wellness programs, and attractive paid leave.

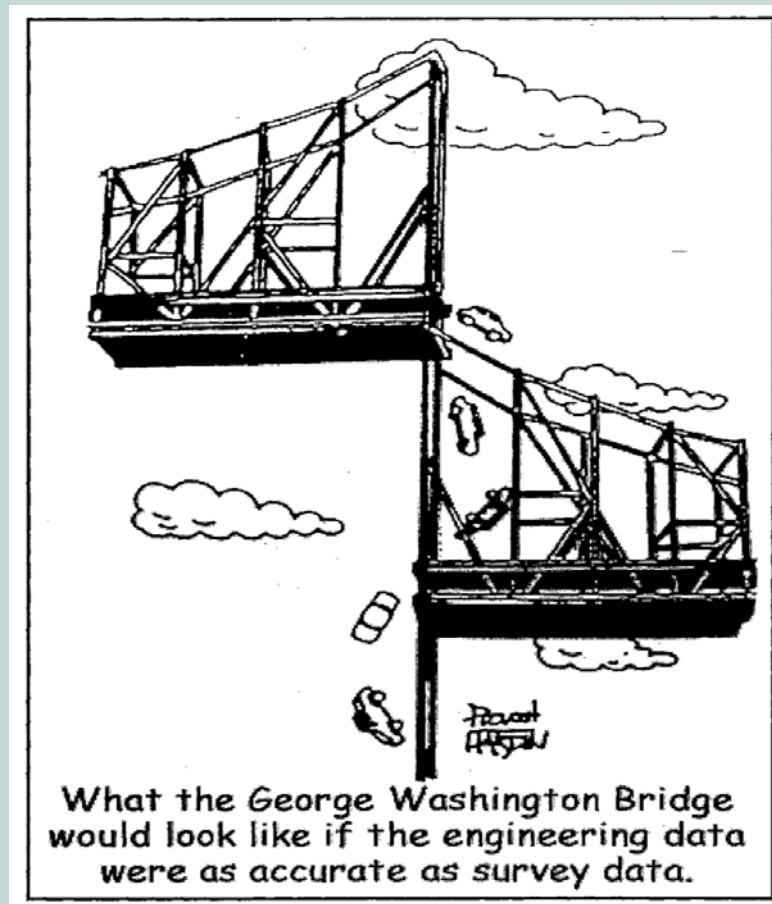
JOB MATCHING PROCESS

- Compare internal job descriptions to survey documentation
- Require at least 70% to 80% match of duties and qualifications
- Select match by responsibilities - not title
- Meet with department heads to gain input and approval on match

EXTERNAL EQUITY

- Determines relative value of jobs by what a defined labor market pays
- Considers how well organization pays in relation to other employers
- Used by almost all organizations

SALARY SURVEY CONSIDERATIONS



CREDIBLE SURVEY DATA INCLUDES...

- Methodology
 - Definition of terms
 - Verification/validation procedures
 - Timeliness
 - Presentation of data/statistics
- Job Descriptions
- Participants
- Employer reported pay rates
- Sample size

SALARY SURVEYS USED

- Employers Council 2018 Benchmark Compensation Survey (Denver/Boulder data line)

 - Employers Council 2018 Public Employer Compensation Survey (Denver/Boulder data line)

 - Employers Council 2018 Information Technology Compensation Survey (Denver/Boulder data line)
- * Survey data aged to 1/1/2020 by 2.5% (ECI)
- ** Not all jobs had a survey match

INTERNAL EQUITY

- Determines the relative value of jobs within an organization
- Considers compensable factors
 - Knowledge
 - Decision-making
 - Accountability
- Balances external equity
- Used to slot job if no match available

STRUCTURE DESIGN

- Determine market-based job values (survey data/external equity)
- Assess jobs (internal equity) (location, industry, size, culture, critical skills, job family progression, reporting relationships, other)
- Resolve anomalies and finalize salary grades

SALARY GRADE

A grouping or clustering of jobs with similar duties and qualifications

All jobs in the grade have the same range minimum, midpoint, and maximum

SALARY RANGE

Used to establish the limits of value or payment for jobs

<i>Minimum</i>	Lowest pay rate in a salary grade
<i>Midpoint</i>	Market average
<i>Maximum</i>	Highest pay rate in a salary grade

PROPOSED 2020 SALARY STRUCTURE

- Renumbered salary grades
- Open ranges with no steps
- Range spread varies from 35% to 50%
- Separate range for Police Sergeant
- Updated Police Officer Step plan

* Handout

EVALUATE STRUCTURE

Review individual pay rates relative to position in range

- Identify pay rates below range minimums
(considers 2020 minimum wage of \$12.00)
- Calculate compa-ratio (pay rate/midpoint)
- Determine cost to implement

SUMMARY OF PLAN CHANGES

- Expanded labor market comparison
- Reviewed actual rates of pay
- Developed salary grade based on survey averages
- Eliminated steps in civilian plan

SUCCESSFUL PLANS

- Credible, consistent and data-driven
- Defensible methodology
- Sustainable over time
- Communicated and understood
- Aligned with stated compensation philosophy

QUESTIONS

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**City of Northglenn Job Titles Listed by Salary Grade
August 2019 DRAFT**

Salary Grade	City of Northglenn Job Title	Range Minimum	Range Midpoint	Range Maximum
10		\$25,500	\$30,000	\$34,500
		\$12.26	\$14.42	\$16.59
	Cashier			
	Day Camp Aide			
	Drop in Sports Supervisor			
	Lifeguard			
	Pedal Boat Attendant			
	Scorekeeper			
	Seasonal Trainee			
	Youth Sports Supervisor			
20		\$27,200	\$32,000	\$36,800
		\$13.08	\$15.38	\$17.69
	Clerical Assistant			
	Day Camp Leader			
	Head Lifeguard			
	Lifeguard/Swim Instructor			
	Preschool Aide			
	Seasonal Laborer			
	Seasonal Park Ranger			
30		\$29,400	\$34,500	\$39,600
		\$14.13	\$16.59	\$19.04
	Administrative Clerk			
	Aquatics Instructor - Non Certified			
	Custodian			
	Day Camp Director			
	Fitness Instructor - Non Certified			
	Guest Relations Specialist			
	Intern			
	Seasonal Specialist			
	Theatre Instructor			
40		\$33,200	\$39,830	\$46,460
		\$15.96	\$19.15	\$22.34
	Municipal Services Worker I - Sanitation			
	Municipal Services Worker I - Streets			
	Municipal Services Worker I - Utilities			
	Parks Maintenance Worker I			
	Recreation Assistant			

**City of Northglenn Job Titles Listed by Salary Grade
August 2019 DRAFT**

Salary Grade	City of Northglenn Job Title	Range Minimum	Range Midpoint	Range Maximum
50		\$38,100	\$45,700	\$53,300
		\$18.32	\$21.97	\$25.63
	Administrative Specialist			
	Aquatics Instructor - Certified			
	FISS Customer Service Representative			
	Fitness Instructor - Certified			
	Municipal Services Worker II - Sanitation			
	Municipal Services Worker II - Streets			
	Municipal Services Worker II - Utilities			
	Parks Maintenance Worker II			
	Police Records Specialist			
	Preschool Instructor			
	Utility Plant Operator D			
60		\$44,200	\$53,000	\$61,800
		\$21.25	\$25.48	\$29.71
	Accounting Specialist			
	Administrative Assistant			
	Community Services Coordinator			
	Court Clerk			
	Facilities Maintenance Technician			
	Fleet Services Technician			
	HR Technician			
	Lab Technician			
	Lead Police Records Specialist			
	Meter Technician			
	Municipal Services Worker III - Sanitation			
	Municipal Services Worker III - Streets			
	Municipal Services Worker III - Utilities			
	Parks Maintenance Worker III			
	Planning Technician			
	Probation Officer			
	Sales Tax Specialist			
	Traffic Technician (included in proposed 2020 budget)			
	Utility Locate Maintenance Worker			
	Utility Plant Operator C			
	Utility Technician			

**City of Northglenn Job Titles Listed by Salary Grade
August 2019 DRAFT**

Salary Grade	City of Northglenn Job Title	Range Minimum	Range Midpoint	Range Maximum
70		\$47,300	\$58,000	\$68,700
		\$22.74	\$27.88	\$33.03
	Administrative Technician			
	Animal Control Officer			
	Central Records Coordinator			
	Construction Inspector			
	Lead Facilities Maintenance Technician (included in proposed 2020 budget)			
	Lead Municipal Services Worker (included in proposed 2020 budget)			
	Neighborhood Services Officer			
	Parks Coordinator (included in proposed 2020 budget)			
	Planner I			
	Property Evidence Custodian			
	Recreation Coordinator			
	Tech Support Specialist II			
	Theatre Technician			
	Utility Plant Operator B			
80		\$55,100	\$67,500	\$79,900
		\$26.49	\$32.45	\$38.41
	Accountant II			
	Community Outreach Coordinator			
	Deputy City Clerk			
	Economic Development Specialist			
	Electrical Mechanical Technician I			
	GIS Specialist			
	HR Analyst			
	Industrial Pretreatment Specialist			
	Planner II			
	Public Communications Specialist			
	Records Supervisor			
	Risk Analyst			
	Sales Tax Auditor II			
	Special Events Coordinator			
	Specialized Fitness Instructor			
	Utility Plant Operator A			

**City of Northglenn Job Titles Listed by Salary Grade
August 2019 DRAFT**

Salary Grade	City of Northglenn Job Title	Range Minimum	Range Midpoint	Range Maximum
90		\$61,300	\$75,125	\$88,950
		\$29.47	\$36.12	\$42.76
	Executive Assistant			
	Facility Maintenance Supervisor			
	Fleet Services Supervisor			
	Lab Analyst			
	Master Electrician			
	Municipal Services Supervisor - Sanitation			
	Municipal Services Supervisor - Streets			
	Municipal Services Supervisor - Utilities			
	Neighborhood Services Supervisor			
	Parks Supervisor			
	Project Manager			
	Recreation Programs Supervisor			
	Revenue Supervisor			
	Special Events Supervisor			
	Stormwater Coordinator			
	Water Quality Coordinator			
	Water Resources Analyst			
100		\$66,600	\$81,580	\$96,560
		\$32.02	\$39.22	\$46.42
	Chief Plant Operator			
	CIS Coordinator			
	Civil Engineer I			
	Crime Analyst/PIO			
	Criminalist			
	Electrical/Mechanical Supervisor			
	IT Resource Coordinator			
	Senior HR Analyst			
110		\$71,800	\$89,780	\$107,760
		\$34.52	\$43.16	\$51.81
	Assistant to City Manager (included in proposed 2020 budget)			
	Lab Supervisor			
	Senior Planner			
120		\$80,000	\$100,000	\$120,000
		\$38.46	\$48.08	\$57.69
	Civil Engineer II			
	Municipal Court Supervisor			
	Sales Tax Manager			
	Senior Network Administrator			
	Software Engineer			
	Water Resources Administrator			

**City of Northglenn Job Titles Listed by Salary Grade
August 2019 DRAFT**

Salary Grade	City of Northglenn Job Title	Range Minimum	Range Midpoint	Range Maximum
130	Accounting Manager Environmental Manager (included in proposed 2020 budget) Ops Manager - Maintenance & Operations Ops Manager - Utilities Planning Manager Senior Engineer	\$88,900 \$42.74	\$111,100 \$53.41	\$133,300 \$64.09
140	Commander Engineering Manager	\$103,800 \$49.90	\$129,750 \$62.38	\$155,700 \$74.86
150	Director of Communications Director of Economic Development (under City Manager review) Director of Finance Director of Management Services Director of Parks, Recreation, and Culture Director of Planning and Development Director of Technology	\$116,000 \$55.77	\$145,000 \$69.71	\$174,000 \$83.65
160	Chief of Police Director of Public Works	\$129,700 \$62.36	\$162,150 \$77.96	\$194,600 \$93.56
Sergeant		\$90,600 \$43.56	\$106,400 \$51.15	\$122,200 \$58.75
City Clerk		\$90,100 \$43.32	\$112,575 \$54.12	\$135,050 \$64.93
City Manager		\$167,800 \$80.67	\$209,700 \$100.82	\$251,600 \$120.96

**City of Northglenn
Proposed 2020 Police Officer Step Plan
DRAFT**

CURRENT Step Plan							
	\$57,500	\$60,375	\$63,394	\$69,733	\$75,312	\$81,337	\$86,217
	\$27.64	\$29.03	\$30.48	\$33.53	\$36.21	\$39.10	\$41.45
Steps	1	2	3	4	5	6	7
% spread between steps:		5.0%	5.0%	10.0%	8.0%	8.0%	6.0%

PROPOSED Step Plan							
	\$58,650	\$61,583	\$64,662	\$71,128	\$76,818	\$82,963	\$87,941
	\$28.20	\$29.61	\$31.09	\$34.20	\$36.93	\$39.89	\$42.28
Steps	1	2	3	4	5	6	7
% spread between steps:		5.0%	5.0%	10.0%	8.0%	8.0%	6.0%

% Increase	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
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