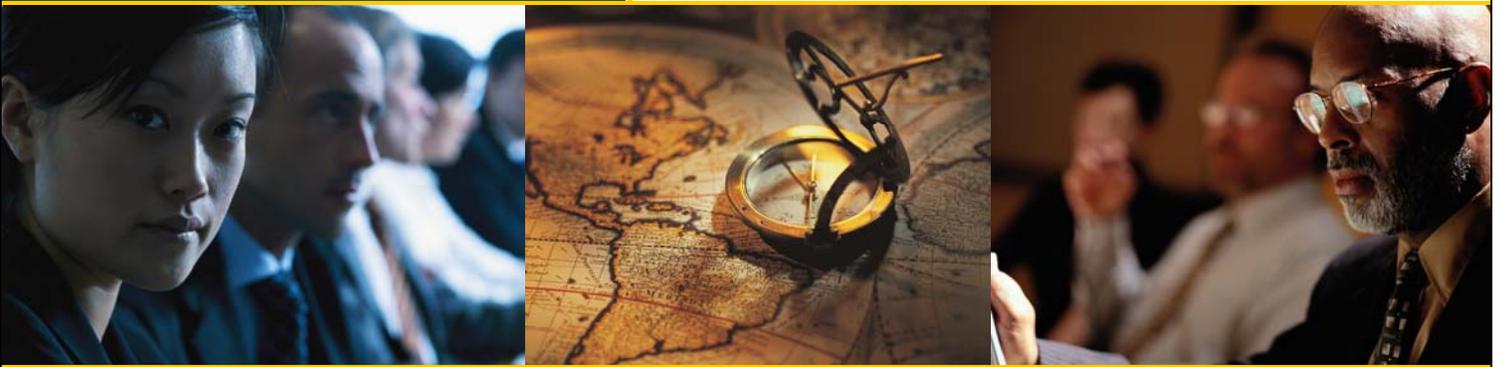


Compensation Study for the City of Hagerstown, MD

FINAL REPORT



Evergreen Solutions, LLC

November 6, 2019

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Chapter 1 - Introduction

Evergreen Solutions, LLC (Evergreen) conducted a Comprehensive Compensation Study for the City of Hagerstown (City) beginning in May 2019. The purpose of the study was to analyze its compensation (pay) system for Non-Union positions and make recommendations to improve the City's competitive position in the labor market. The study activities involved analyzing the internal and external equity of the City's compensation system and making recommendations in response to those findings.

Study tasks involved:

- holding a study kick-off meeting;
- analyzing the City's current salary structure to determine its strengths and weaknesses;
- facilitating discussions with the City's project team to develop an understanding of its compensation philosophy;
- conducting market salary survey to assess the external equity (market competitiveness) of the City's current pay system;
- developing a competitive compensation structure and slotting classifications into that structure while ensuring internal and external equity;
- developing optional methods for transitioning employees' salaries into the new structure and calculating cost estimates for implementation;
- providing the City with information and strategies regarding compensation administration; and
- preparing and submitting draft and final reports that summarize the study findings and recommendations.



1.1 STUDY METHODOLOGY

Evergreen used a combination of quantitative and qualitative methods to develop recommendations to improve the City's competitive position for its compensation system for its Non-Union positions. Study activities included:

Kick-off Meeting

The kick-off meeting allowed members of the study team from the City and Evergreen to discuss different aspects of the study. During the meeting, information about the City's compensation structure and current pay philosophy was shared and the work plan for the study was finalized. The meeting also provided an opportunity for Evergreen to explain the types of data needed to begin the study.

Assessment of Current Conditions

This analysis provided an overall assessment of the City's current Non-Union pay structure (plan) and related employee data at the time of the study. The current pay plan and the progression of employees' salaries through the pay ranges were examined during this process. The findings of this analysis are summarized in **Chapter 2** of this report.

Compensation Philosophy

Evergreen conducted meetings with the City's project team to develop an understanding of its position with regard to Non-Union employee compensation. Several key factors were examined and provided the framework for the recommended compensation system and related pay practices.

Salary Survey

For the salary survey, peers were identified that compete with the City for human resources and provide similar services. Classifications representing a cross-section of the departments and levels of work were selected as benchmarks. After the selection of peers and benchmarks, a survey tool was developed for the collection of salary range data for each benchmark. A survey tool was also developed to collect detailed data about the core and fringe benefits offered by the peer organizations. The salary and benefits data collected during these surveys were analyzed, and a summary of the data can be found in **Chapter 3** of this report.

Recommendations

During the review of the compensation philosophy, the City identified its desire to be competitive with the labor market. Understanding this, and utilizing the findings of the analysis of both internal and external equity, a revised compensation system was created. Next, implementation options were developed to transition employees' salaries into the new compensation structure (pay plan), and the associated costs of adjusting employees' salaries were estimated and reviewed. Following selection by the City of the method of transition, information was provided on how to execute the recommended salary adjustments, as well



as how to maintain the compensation system going forward. A summary of all study findings and recommendations can be found in **Chapter 4** of this report.

1.2 REPORT ORGANIZATION

This report includes the following additional chapters:

- Chapter 2 – Assessment of Current Conditions
- Chapter 3 – Market Summary
- Chapter 4 – Recommendations



Chapter 2 – Assessment of Current Conditions

The purpose of this evaluation was to provide an overall assessment of the City's non-union compensation structure, employee salary progression, and employee counts in each department. It should be noted that only data related to employees in non-union classifications are included in this analysis. Data included here reflect the conditions when the study began, and should be considered, as such, a snapshot in time. The insights gained from this evaluation provided the basis for further analysis through the course of this study and were not considered sufficient cause for recommendations independently. Instead, the results of this evaluation were considered during the analysis of the peers' salary related data. Subsequently, appropriate compensation related recommendations were developed for the City and are described later in this report.

2.1 PAY PLAN ANALYSIS

The City administered one pay plan for full-time employees in non-union classifications. **Exhibit 2A** illustrates the plan which had a step design with established salaries for each grade and step. The plan consisted of 21 grades with 14 steps each for the 132 employees in non-union classifications at the time of this study. Each pay grade within the plan had a range spread (the percentage difference between the minimum and maximum of the pay grades relative to the step's minimum) of between 60.6 and 61.5 percent.



**EXHIBIT 2A
EMPLOYEE PAY PLAN**

Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
7	\$ 29,703.44	\$ 31,145.82	\$ 32,610.24	\$ 34,052.72	\$ 35,517.04	\$ 36,959.52	\$ 38,423.84	\$ 39,866.84
9	\$ 32,632.08	\$ 34,249.28	\$ 35,845.16	\$ 37,440.52	\$ 39,057.72	\$ 40,653.60	\$ 42,248.96	\$ 43,844.32
10	\$ 34,118.24	\$ 35,801.48	\$ 37,484.20	\$ 39,145.60	\$ 40,828.32	\$ 42,489.72	\$ 44,172.44	\$ 45,855.68
11	\$ 36,348.00	\$ 38,139.92	\$ 39,910.52	\$ 41,702.44	\$ 43,473.04	\$ 45,243.64	\$ 47,035.56	\$ 48,806.16
12	\$ 37,987.04	\$ 39,845.00	\$ 41,702.44	\$ 43,582.24	\$ 45,440.20	\$ 47,298.16	\$ 49,155.60	\$ 51,013.56
13	\$ 39,823.16	\$ 41,812.16	\$ 43,800.64	\$ 45,833.84	\$ 47,778.64	\$ 49,745.80	\$ 51,691.12	\$ 53,658.25
14	\$ 41,615.08	\$ 43,713.28	\$ 45,790.16	\$ 47,910.20	\$ 49,942.36	\$ 51,996.88	\$ 54,030.08	\$ 56,084.60
15	\$ 43,931.68	\$ 46,074.08	\$ 48,237.80	\$ 50,379.68	\$ 52,543.40	\$ 54,685.28	\$ 56,849.52	\$ 58,991.40
16	\$ 46,292.48	\$ 48,522.24	\$ 50,733.32	\$ 53,002.56	\$ 55,253.64	\$ 57,526.56	\$ 59,778.16	\$ 62,051.60
17	\$ 48,368.84	\$ 50,707.80	\$ 53,068.08	\$ 55,406.52	\$ 57,767.32	\$ 60,127.60	\$ 62,488.40	\$ 64,871.04
18	\$ 50,554.40	\$ 53,024.40	\$ 55,472.56	\$ 57,920.20	\$ 60,390.20	\$ 62,881.52	\$ 65,351.52	\$ 67,821.52
19	\$ 53,461.72	\$ 56,062.76	\$ 58,685.12	\$ 61,286.16	\$ 63,909.04	\$ 66,510.08	\$ 69,132.96	\$ 71,755.84
20	\$ 55,865.68	\$ 58,597.76	\$ 61,329.84	\$ 64,061.92	\$ 66,794.00	\$ 69,526.08	\$ 72,280.00	\$ 75,012.08
21	\$ 58,728.80	\$ 61,614.28	\$ 64,499.24	\$ 67,384.20	\$ 70,269.68	\$ 73,132.80	\$ 76,017.76	\$ 78,902.72
22	\$ 61,373.52	\$ 64,411.88	\$ 67,427.88	\$ 70,444.40	\$ 73,460.40	\$ 76,454.56	\$ 79,471.08	\$ 82,487.08
23	\$ 64,171.12	\$ 67,340.52	\$ 70,488.08	\$ 73,656.96	\$ 76,804.52	\$ 79,952.08	\$ 83,099.12	\$ 82,268.52
24	\$ 67,122.12	\$ 70,422.56	\$ 73,722.48	\$ 77,022.92	\$ 80,345.20	\$ 83,623.80	\$ 86,924.24	\$ 90,224.68
25	\$ 71,471.40	\$ 74,968.40	\$ 78,465.92	\$ 81,962.92	\$ 85,459.92	\$ 88,956.92	\$ 92,453.92	\$ 95,950.92
27	\$ 78,115.96	\$ 81,940.56	\$ 85,765.68	\$ 89,590.80	\$ 93,415.92	\$ 97,262.36	\$ 101,087.48	\$ 104,912.08
28	\$ 81,678.48	\$ 85,678.32	\$ 89,678.16	\$ 93,699.84	\$ 97,699.68	\$ 101,721.36	\$ 105,720.68	\$ 109,721.04
30	\$ 91,404.56	\$ 95,885.40	\$ 100,388.08	\$ 104,868.40	\$ 109,349.24	\$ 113,807.72	\$ 118,288.56	\$ 122,747.56

Source: Created by Evergreen Solutions from data provided by the City as of June 2019.

**EXHIBIT 2A (Continued)
EMPLOYEE PAY PLAN**

Grade	Step 9	Step 10	Step 11	Step 12	Step 13	Step 14	Range Spread	Employees
7	\$ 41,309.32	\$ 42,751.80	\$ 44,194.28	\$ 45,614.92	\$ 47,057.40	\$ 47,763.56	60.8%	1
9	\$ 45,418.36	\$ 47,013.72	\$ 48,587.76	\$ 50,183.12	\$ 51,756.64	\$ 52,533.52	61.0%	10
10	\$ 47,494.72	\$ 49,155.60	\$ 50,817.00	\$ 52,477.88	\$ 54,139.28	\$ 54,951.00	61.1%	6
11	\$ 50,554.40	\$ 52,325.00	\$ 54,073.76	\$ 55,843.84	\$ 57,592.08	\$ 58,456.32	60.8%	5
12	\$ 52,849.68	\$ 54,685.28	\$ 56,521.40	\$ 58,357.52	\$ 60,214.96	\$ 61,118.20	60.9%	11
13	\$ 55,581.76	\$ 57,526.56	\$ 59,450.56	\$ 61,373.52	\$ 63,318.84	\$ 64,268.88	61.4%	6
14	\$ 58,094.92	\$ 60,127.60	\$ 62,160.80	\$ 64,171.12	\$ 66,203.80	\$ 67,197.00	61.5%	7
15	\$ 61,111.44	\$ 63,253.32	\$ 65,373.36	\$ 67,493.92	\$ 69,613.44	\$ 70,657.60	60.8%	7
16	\$ 64,280.84	\$ 66,510.08	\$ 68,761.16	\$ 70,990.40	\$ 73,242.00	\$ 74,340.24	60.6%	19
17	\$ 67,209.48	\$ 69,547.92	\$ 71,886.88	\$ 74,225.32	\$ 76,564.28	\$ 77,712.44	60.7%	8
18	\$ 70,269.68	\$ 72,717.32	\$ 75,165.48	\$ 77,613.12	\$ 80,083.12	\$ 81,284.32	60.8%	6
19	\$ 74,334.52	\$ 76,935.56	\$ 79,514.76	\$ 82,093.96	\$ 84,695.00	\$ 85,965.36	60.8%	12
20	\$ 77,722.32	\$ 80,432.56	\$ 83,142.80	\$ 85,831.20	\$ 88,524.44	\$ 89,869.52	60.9%	6
21	\$ 81,744.00	\$ 84,585.28	\$ 87,427.08	\$ 90,268.36	\$ 93,131.48	\$ 94,528.20	61.0%	9
22	\$ 85,459.92	\$ 88,454.08	\$ 91,426.40	\$ 94,399.24	\$ 97,393.40	\$ 98,854.60	61.1%	3
23	\$ 89,372.40	\$ 92,497.60	\$ 95,623.32	\$ 98,726.68	\$ 101,852.40	\$ 103,380.16	61.1%	6
24	\$ 93,481.44	\$ 96,759.52	\$ 100,016.28	\$ 103,294.88	\$ 106,551.64	\$ 108,149.60	61.1%	0
25	\$ 99,426.08	\$ 102,879.40	\$ 106,355.08	\$ 109,808.40	\$ 113,261.20	\$ 114,960.56	60.8%	6
27	\$ 108,715.36	\$ 112,496.80	\$ 116,299.56	\$ 120,081.00	\$ 123,833.76	\$ 125,742.24	61.0%	2
28	\$ 113,698.52	\$ 117,676.52	\$ 121,654.52	\$ 125,610.68	\$ 129,588.68	\$ 131,532.44	61.0%	1
30	\$ 127,206.04	\$ 131,621.36	\$ 136,036.16	\$ 140,473.32	\$ 144,888.12	\$ 147,061.72	60.9%	1

Source: Created by Evergreen Solutions from data provided by the City as of June 2019.

2.2 EMPLOYEE SALARY PLACEMENT BY GRADE

When assessing the effectiveness of the City’s non-union pay structure and related practices, it is important to analyze where employees’ salaries fell within each range within the pay plan. Identifying those areas where there may have been clusters of employees’ salaries could illuminate potential pay progression concerns within the current plan. It should be noted that employees’ salaries, and the progression of the same, is associated with an organization’s compensation philosophy—specifically, the method of salary progression and the availability of resources. Therefore, the placement of employees’ salaries should be viewed with this context in mind.

Exhibit 2B illustrates the placement of employees’ salaries relative to pay grade minimums and maximums. The exhibit contains the following:

- the pay grades,
- the number of employees in classifications assigned to the pay grade,
- the number and percentage of employees with salaries below the minimum,
- the number and percentage of employees with salaries at the minimum,
- the number and percentage of employees with salaries at the maximum, and
- the number and percentage of employees with salaries above the maximum.

**EXHIBIT 2B
SALARY PLACEMENT
BELOW, AT AND ABOVE MINIMUM AND MAXIMUM BY GRADE**

Grade	Employees	# < Min	% < Min	# at Min	% at Min	# at Max	% at Max	# > Max	% > Max
7	1	0	0.0%	0	0.0%	0	0.0%	0	0.0%
9	10	0	0.0%	0	0.0%	3	30.0%	0	0.0%
10	6	0	0.0%	0	0.0%	1	16.7%	0	0.0%
11	5	0	0.0%	0	0.0%	2	40.0%	0	0.0%
12	11	0	0.0%	0	0.0%	2	18.2%	0	0.0%
13	6	0	0.0%	0	0.0%	0	0.0%	0	0.0%
14	7	0	0.0%	0	0.0%	2	28.6%	0	0.0%
15	7	0	0.0%	0	0.0%	1	14.3%	0	0.0%
16	19	0	0.0%	0	0.0%	7	36.8%	0	0.0%
17	8	0	0.0%	0	0.0%	2	25.0%	0	0.0%
18	6	0	0.0%	0	0.0%	2	33.3%	0	0.0%
19	12	0	0.0%	0	0.0%	2	16.7%	0	0.0%
20	6	0	0.0%	0	0.0%	2	33.3%	0	0.0%
21	9	0	0.0%	0	0.0%	4	44.4%	0	0.0%
22	3	0	0.0%	0	0.0%	1	33.3%	0	0.0%
23	6	0	0.0%	0	0.0%	2	33.3%	0	0.0%
24	0	0	-	0	-	0	-	0	-
25	6	0	0.0%	0	0.0%	1	16.7%	0	0.0%
27	2	0	0.0%	0	-	1	50.0%	0	0.0%
28	1	0	0.0%	0	0.0%	0	0.0%	0	0.0%
30	1	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	132	0	0.0%	0	0.0%	35	26.5%	0	0.0%

Source: Created by Evergreen Solutions from data provided by the City as of June 2019.

Employees with salaries at the grade minimum are typically new hires or are new to their classification following a recent promotion; on the other hand, employees with salaries at the grade maximum are typically highly experienced and proficient in their classification. As Exhibit 2B illustrates, at the time of this study, there were no employees in this plan with a salary below their grade minimum and no employees with a salary above their grade maximum. There were, however, 35 employees (26.5 percent) who were at their grade maximum.

Exhibit 2C illustrates the placement of employees' salaries relative to pay grade midpoints. The exhibit contains the following:

- the pay grades,
- the number of employees in classifications assigned to the pay grade,
- the number and percentage of employees with salaries below the midpoint,
- the number and percentage of employees with salaries at the midpoint; and
- the number and percentage of employees with salaries above the midpoint of each pay grade.

**EXHIBIT 2C
SALARY PLACEMENT
BELOW, AT, OR ABOVE MIDPOINT BY GRADE**

Grade	Employees	# < Mid	% < Mid	# at Mid	% at Mid	# > Mid	% > Mid
7	1	0	0.0%	0	0.0%	1	100.0%
9	10	6	60.0%	0	0.0%	4	40.0%
10	6	3	50.0%	0	0.0%	3	50.0%
11	5	1	20.0%	0	0.0%	3	60.0%
12	11	0	0.0%	0	0.0%	11	100.0%
13	6	3	50.0%	0	0.0%	3	50.0%
14	7	2	28.6%	0	0.0%	5	71.4%
15	7	4	57.1%	0	0.0%	3	42.9%
16	19	1	5.3%	0	0.0%	19	100.0%
17	8	0	0.0%	0	0.0%	8	100.0%
18	6	3	50.0%	0	0.0%	3	50.0%
19	12	0	0.0%	0	0.0%	12	100.0%
20	6	3	50.0%	0	0.0%	3	50.0%
21	9	0	0.0%	0	0.0%	9	100.0%
22	3	0	0.0%	0	0.0%	3	100.0%
23	6	0	0.0%	0	0.0%	6	100.0%
24	0	0	-	0	-	0	-
25	6	0	0.0%	0	0.0%	6	100.0%
27	2	0	0.0%	0	0.0%	2	100.0%
28	1	0	0.0%	0	0.0%	1	100.0%
30	1	0	0.0%	0	0.0%	1	100.0%
Total	132	26	19.7%	0	0.0%	106	80.3%

Source: Created by Evergreen Solutions from data provided by the City as of June 2019.

Employees with salaries close to the midpoint of a pay range should be fully proficient in their classification and require minimal supervision to complete their job duties while performing satisfactorily. Within this framework, grade midpoint is commonly considered to be the salary an individual could reasonably expect for similar work in the market. Therefore, it is important to examine the percentage and number of employees with salaries above and below the calculated midpoint. There were 26 employees (19.7 percent) that had salaries below the midpoint of their respective range, no employees had salaries at the midpoint, and 106 employees (80.3 percent) had salaries above the midpoint.

2.3 SALARY QUARTILE ANALYSIS

This section provides an additional analysis of the distribution of employees' salaries across the pay grades at the time of this study. Examining employee salary placement by grade quartile provided insight into whether clustering of employees' salaries existed within each pay grade. For this analysis, employees' salaries were slotted within one of four equal distributions. The first quartile (0-25) represents the lowest 25 percent of the pay range. The second quartile (26-50) represents the segment of the pay range above the first quartile up to the pay range's midpoint. The third quartile (51-75) represents the part of the pay range above the midpoint up to the 75th percentile of the pay range. The fourth quartile (76-100) is the highest 25 percent of the pay range. This analytical method provided an opportunity to assess how employees' salaries are disbursed throughout each grade (pay range).

Exhibit 2D provides a breakdown of placement of employees' salaries relative to salary quartile and provides the following:

- the pay grades,
- the number of employees per pay grade, and
- the location (by quartile) of the employees' salaries within each grade.



**EXHIBIT 2D
SALARY QUARTILE ANALYSIS**

GRADE	Total Employees	1st Quartile # Employees	2nd Quartile # Employees	3rd Quartile # Employees	4th Quartile # Employees
7	1	0	0	1	0
9	10	3	3	0	5
10	6	0	3	1	2
11	5	0	1	0	3
12	11	0	0	4	7
13	6	1	2	1	2
14	7	2	0	2	3
15	7	2	2	0	3
16	19	0	1	5	13
17	8	0	0	2	6
18	6	0	3	1	2
19	12	0	0	1	11
20	6	0	3	0	3
21	9	0	0	1	8
22	3	0	0	2	1
23	6	0	0	0	6
24	0	0	0	0	0
25	6	0	0	0	6
27	2	0	0	0	2
28	1	0	0	1	1
30	1	0	0	0	0
Total	132	8	18	22	84
Percentage		6.1%	13.6%	16.7%	63.6%

Source: Created by Evergreen Solutions from data provided by the City as of June 2019.

The City's employees' salaries were clustered in the fourth quartile of their pay ranges with 84 (63.6 percent) in this quartile of their respective pay range. The next largest cluster of employees' salaries was found in the third quartile with 22 employees (16.7 percent). Additionally, 18 employees (13.6 percent) had salaries in the second quartile of their respective pay ranges, while 8 (6.1 percent) earned in the first quartile of their respective pay ranges.

2.4 EMPLOYEES BY DEPARTMENT

At the time the study commenced, the City employed 132 employees in non-union classifications across 18 departments. **Exhibit 2E** depicts the number of employees and the number of classifications in each department and is intended only to provide basic information regarding how employees are distributed among departments. Also provided is the percentage breakdown of employees by department.

**EXHIBIT 2E
NON-UNION EMPLOYEES BY DEPARTMENT**

Department	Employees	Classes	% of Total
City Administrator	2	2	1.5%
City Clerk	1	1	0.8%
City Engineer	5	5	3.8%
City Planning	4	4	3.0%
Communications	2	2	1.5%
Customer Service	1	1	0.8%
Economic Development	9	8	6.8%
Finance and Accounting	7	6	5.3%
Fire Department	6	4	4.5%
Human Resources	5	5	3.8%
Information Technology	5	5	3.8%
Light Department	9	9	6.8%
Parks Department	5	4	3.8%
Planning and Code Administration	14	11	10.6%
Police Department	30	15	22.7%
Public Works	6	6	4.5%
Sewer Department	10	9	7.6%
Water Department	11	10	8.3%
Total	132	107	100.0%

Source: Created by Evergreen Solutions from data provided by the City as of June 2019.

As the exhibit illustrates, the police department contains the highest number of non-union employees, representing 22.7 percent of the non-union workforce.



2.5 SUMMARY

Overall, the City's compensation structure offered a firm foundation on which to improve. The key points of the current structure were:

- The City administered a step pay plan for its employees in non-union classifications, which includes 21 grades and 14 steps. The grades had a range spread from 60.6 to 61.5 percent.
- The majority of City's non-union employees' salaries were clustered in the fourth quartile, with 80.3 percent of employees' salaries falling above than the midpoint.

The City's pay plan provided employees in non-union classifications with a clear pay structure. It appears that many employees' salaries have progressed over time with many reaching the higher end of their ranges. The method by which they have and should progress was examined in more detail during a review of the City's compensation philosophy.

The information gained from this review of current conditions was used in conjunction with the external (market) analysis review to develop recommendations for a competitive compensation plan that would best align with the City's compensation philosophy moving forward. These recommendations can be found in **Chapter 4** of this report.



Chapter 3 – Market Summary

This chapter provides a market analysis comparing the City's salary ranges to the salary ranges at peer organizations. The data from targeted market peers were used to evaluate the overall compensation at the City at the time of this study. It is important to note that the market comparisons contained herein do not translate at the individual level and are instead used to provide an overall analysis. The utilized methodology is not intended to evaluate salaries paid to individuals. An employee's compensation is determined through a combination of factors, which could include: the demand for a job, the candidate's prior experience, or an individual's negotiation skills during the hiring process.

It should be noted that market comparisons are best thought of as a snapshot of current market conditions. In other words, market conditions change and can change quickly; therefore, while market surveys are useful for making updates to salary structures provided to employees, they must be done at regular intervals if the City wishes to remain current with its market peers and salary trends.

3.1 SALARY SURVEY RESULTS

Evergreen collected pay range information from target organizations utilizing a salary survey tool. The development of this tool included selecting the benchmark classifications to be surveyed. A cross-section of the City's non-union classifications was selected so that the surveyed positions made up a subset of all work areas and levels of these classifications in the City. The job title, a description of assigned duties, and the education and experience requirements for each benchmarked classification were provided in the survey tool so that peers could determine if the position existed within their organization.

Evergreen received concurrence from the City's project team regarding the targets to whom the survey was provided. Several factors were utilized when developing this peer list, including geographic proximity to the City, organization size, and the relative population being served by the organization. It should be noted that peers that were closer to the Washington D.C. area, or otherwise were outside of a commuting range from the City, were removed from analysis. Data was analyzed with and without adjustments for cost of living; however, it was determined that the geographic proximity of peers indicated that it was appropriate not to adjust for cost of living. **Exhibit 3A** provides the list 13 market peers from which data were collected and included for the 36 non-union benchmark classifications and 10 union benchmarked classifications.



**EXHIBIT 3A
MARKET PEERS**

Market Peers
Chambersburg, PA
Frederick, MD
Leesburg, VA
Westminster, MD
Gaithersburg, MD
Winchester, VA
Rockville, MD
Cumberland, MD
Harrisburg, PA
Martinsburg, WV
Bowie, MD
Annapolis, MD
Washington County, MD
Carroll County, MD
Frederick County, MD
Alleghany County, PA
Franklin County, PA
Berkeley County, WV
Sykesville, MD
New Windsor, MD
Easton Utilities, MD
Town of Thurmont, MD

*Bold indicates data included from peer

The City expressed a desire to examine its salary schedule as compared to a competitive position with the market. Thus, to determine the position of the existing structure, Evergreen compared the City’s 2019 salary ranges for the benchmark classifications to these market positions. The exhibits below (**Exhibits 3B and 3C**) provide comparisons for the non-union and union classifications.

- The market salary range information for each classification. This indicates the average of the minimum, midpoint, and maximum of the peer survey data for each benchmarked classification.
- The percent differentials (to the City’s existing salary ranges). A positive differential indicates the City was above the targets’ average for that classification at the minimum, midpoint, or maximum. A negative differential indicates the City was below



the average for that classification. The final row provides the average percent differentials for the minimum, midpoint, and maximum for all benchmarked classifications. This represents an average of all classifications' differentials.

- The survey average range width. This provides the average range width for each classification surveyed determined by the average minimum and average maximum salaries of the respondents, relative to the minimum. The average range width for all the classifications is provided in the final row. The number of responses collected for each classification is provided in the final column, and the average number of responses for all the classifications is provided in the final row.
- The number of survey responses for each classification is provided in the final column. The average number of responses for all the classifications is provided in the final row of the exhibit.

Exhibit 3B provides the data comparison at the average market position with non-union classifications, and **Exhibit 3C** provides the comparisons for the union classifications.



**EXHIBIT 3B
SALARY SURVEY SUMMARY
NON-UNION CLASSIFICATIONS**

Classification	Survey Minimum		Survey Midpoint		Survey Maximum		Survey Avg Range	# Resp.
	Average	% Diff	Average	% Diff	Average	% Diff		
Administrative Secretary II	\$36,732.88	-11.8%	\$46,550.80	-8.9%	\$56,368.72	-7.0%	53.5%	7
Assistant Utility Billing Coordinator	\$36,599.00	-20.8%	\$47,433.08	-20.2%	\$58,267.15	-19.8%	59.2%	4
Building Inspector I	\$43,438.41	-13.4%	\$55,562.61	-11.4%	\$67,686.81	-10.2%	55.8%	8
Business Development Specialist	\$54,243.10	-15.8%	\$67,083.53	-10.6%	\$79,923.97	-7.2%	47.3%	6
Business/Community Development Finance Specialist	\$62,086.01	-39.5%	\$78,761.21	-36.6%	\$95,436.41	-34.7%	53.7%	5
City Clerk	\$60,576.13	-18.0%	\$74,519.74	-12.2%	\$88,463.35	-8.5%	46.0%	5
Collection System Supervisor	\$56,894.70	-20.5%	\$71,254.85	-16.6%	\$85,615.00	-14.1%	50.5%	4
Community Event Coordinator	\$44,328.40	-10.7%	\$55,644.50	-6.7%	\$66,960.60	-4.1%	51.1%	5
Crime Data/Intelligence Analyst	\$50,353.01	-23.4%	\$63,898.15	-20.4%	\$77,443.29	-18.6%	53.8%	5
Electrical Inspector	\$50,837.49	-20.0%	\$66,449.13	-19.9%	\$82,060.77	-19.9%	61.4%	5
Engineering Designer I	\$55,111.90	-13.0%	\$69,227.90	-9.4%	\$83,343.90	-7.0%	51.2%	4
Fire Battalion Chief	\$72,286.10	-20.7%	\$91,198.20	-17.4%	\$110,110.30	-15.2%	52.3%	6
Human Resources Administrator-- Benefits & Wellness	\$60,140.13	-31.1%	\$74,972.32	-26.7%	\$89,804.50	-23.9%	49.3%	6
Human Resources Coordinator II	\$43,984.27	-19.0%	\$55,477.45	-15.7%	\$66,970.63	-13.6%	52.3%	6
Instrumentation & Maintenance Coordinator	\$52,471.53	-8.1%	\$64,050.10	-1.6%	\$75,628.67	2.7%	44.1%	3
IT Systems Administrator	\$52,634.40	-27.7%	\$68,214.99	-26.9%	\$83,795.57	-26.4%	59.2%	4
Neighborhood Services Inspector I	\$47,374.15	-36.9%	\$55,698.04	-26.7%	\$64,021.93	-19.7%	35.1%	3
Parks Maintenance/ Construction Supervisor	\$56,239.46	-15.0%	\$70,445.83	-11.1%	\$84,652.20	-8.5%	50.5%	7
Payroll Administrator	\$53,330.50	-19.3%	\$67,101.72	-15.8%	\$80,872.93	-13.5%	51.6%	6
Permits Manager II	\$52,481.50	-32.0%	\$68,561.47	-32.2%	\$84,641.44	-32.3%	61.3%	4
Planner I	\$50,155.06	-23.0%	\$61,105.05	-16.0%	\$72,055.04	-11.4%	43.7%	8
Plumbing Inspector II	\$52,019.81	-26.6%	\$64,933.31	-22.0%	\$77,846.80	-19.1%	49.6%	7
Police Captain	\$74,644.13	-15.1%	\$98,229.15	-15.9%	\$121,814.17	-16.4%	63.2%	6
Police Lieutenant	\$69,498.13	-26.1%	\$86,215.23	-21.2%	\$102,932.33	-18.0%	48.1%	8
Police Sergeant	\$65,103.84	-33.8%	\$78,506.08	-26.2%	\$91,908.31	-21.1%	41.2%	9
Procurement Administrator (Exempt)	\$58,193.64	-27.9%	\$74,493.18	-26.1%	\$90,792.71	-24.9%	56.0%	7
Project Engineer	\$65,218.00	-29.7%	\$82,756.46	-27.0%	\$100,294.93	-25.4%	53.8%	6
Purchasing Administrative Assistant	\$35,639.84	-8.8%	\$46,045.98	-7.8%	\$56,452.12	-7.2%	58.4%	5
Recreation Assistant	\$35,885.23	-9.5%	\$42,945.52	-0.8%	\$50,005.80	4.9%	39.3%	6
Recreation Promotion & Services Coordinator	\$48,943.76	-16.2%	\$59,868.96	-9.6%	\$70,794.16	-5.2%	44.6%	5
Senior Data Analyst	\$62,334.29	-48.5%	\$77,193.32	-43.6%	\$92,052.35	-40.4%	47.7%	5
Senior Financial Accountant	\$58,113.25	-13.9%	\$73,136.02	-10.4%	\$88,158.80	-8.1%	51.7%	8
TV Production/Web Coordinator	\$47,373.40	-22.0%	\$61,414.88	-21.4%	\$75,456.35	-21.0%	59.3%	4
Utility Billing Supervisor	\$48,530.60	-24.4%	\$59,531.85	-18.3%	\$70,533.10	-14.3%	45.3%	4
Vehicle & Equipment Maintenance Supervisor	\$57,417.72	-26.6%	\$73,205.51	-24.4%	\$88,993.31	-23.0%	55.0%	7
Water Distribution Foreman	\$57,423.63	-21.5%	\$72,975.98	-19.0%	\$88,528.33	-17.4%	54.2%	6
Overall Average		-22.0%		-18.2%		-15.8%	51.4%	5.7



**EXHIBIT 3C
SALARY SURVEY SUMMARY
UNION CLASSIFICATIONS**

Classification	Survey Minimum		Survey Midpoint		Survey Maximum		Survey Avg Range	# Resp.
	Average	% Diff	Average	% Diff	Average	% Diff		
Collection System Operator V	\$45,090.85	-5.5%	\$58,447.40	0.1%	\$71,803.95	-12.6%	59.2%	4
Construction Inspector I	\$45,924.05	-21.5%	\$57,874.67	-13.1%	\$69,825.29	-24.1%	52.0%	6
Customer Support Specialist I	\$37,886.48	-7.4%	\$45,777.00	1.1%	\$53,667.52	-7.2%	41.7%	5
Firefighter	\$41,176.81	-2.6%	\$53,928.61	3.0%	\$66,680.40	-8.1%	61.9%	6
Greenskeeper II	\$40,186.25	-3.3%	\$49,520.25	7.4%	\$58,854.25	-2.2%	46.5%	4
Lineworker	\$54,786.33	27.2%	\$67,020.97	8.0%	\$79,255.60	-8.0%	44.7%	3
Police Officer	\$48,709.64	-19.4%	\$61,011.13	-18.4%	\$73,312.62	-16.2%	50.5%	9
Program Administrative Specialist I	\$37,980.50	-18.2%	\$48,310.67	-9.1%	\$58,640.83	-20.6%	54.4%	6
Vehicle/Equipment Maintenance Mechanic II	\$42,751.57	-9.5%	\$52,520.79	1.5%	\$62,290.00	-7.9%	45.7%	7
Water Utility Service Technician	\$39,077.55	-5.4%	\$49,553.69	2.4%	\$60,029.84	-9.1%	53.6%	6
Overall Average		-6.6%		-1.7%		-11.6%	51.0%	5.6

Market Minimums

A starting point of the analysis was to compare the peer's market minimum for each classification to the City's range minimums. Market minimums are generally considered an entry level salary for employees who meet the minimum qualifications of a classification. Employees with salaries at or near the range minimums typically have not mastered the job and probably have not acquired the skills and experience necessary to be fully proficient in their classification.

For non-union benchmarked classifications, the City was, on average, approximately 22.0 percent below the average market minimum (**Exhibit 3B**).

For the union benchmarked classification, the City was, on average, approximately 6.6 percent below the average market minimum (**Exhibit 3C**).

Market Midpoints

Market midpoints are important to consider because they are commonly recognized as the salary point at which employees are fully proficient in satisfactorily performing their work. As such, midpoint is often considered as the salary point at which a fully proficient employee could expect his or her salary to be placed.

For non-union benchmarked classifications, the City was, on average, approximately 18.2 percent below the average market midpoint (**Exhibit 3B**).

For the union benchmarked classification, the City was, on average, approximately 1.7 percent below the average market midpoint (**Exhibit 3C**).



Market Maximums

In this section, salary range maximums are compared to the peers' average of maximums for each benchmarked classification. The market maximum is significant as it represents the upper limit salary that an organization might provide to retain and/or reward experienced and high performing employees. Additionally, being competitive at the maximum allows organizations to attract highly qualified individuals for in-demand classifications.

For non-union benchmarked classifications, the City was, on average, approximately 15.8 percent below the average market maximum (**Exhibit 3B**).

For the union benchmarked classification, the City was, on average, approximately 11.6 percent below the average market maximum (**Exhibit 3C**).

3.2 MARKET SUMMARY

It should again be noted that the standing of a classification's pay range compared to the market is not a definitive assessment of an individual employee's salary being equally above or below market. A salary range does, however, speak to the City's general ability to recruit and retain talent over time. If a range minimum is significantly lower than the market would offer, the City could find itself losing out to its market peers when it seeks to fill a position. It is equally true that range maximums lower than the market maximums may serve as a disincentive for experienced employees to remain at the City. From the analysis of the data gathered in the external assessment discussed above, the non-union and union benchmark classifications' ranges were generally found to be below the City's desired position of being competitive with the labor market. All study findings and subsequent recommendations can be found in the next chapter of this report.



Chapter 4 – Recommendations

The analysis of the City’s compensation system for Non-Union positions revealed several areas of opportunity for improvement. Evergreen worked to build on the strength of the existing pay structure while placing focus on developing a more competitive pay plan. Study recommendations, as well as the findings that led to each, are discussed in this chapter.

4.1 COMPENSATION SYSTEM

The compensation system analysis consisted primarily of an external market assessment during which the City’s Non-Union pay ranges for selected benchmark classifications were compared to the market average. Details regarding the external market assessment were provided in **Chapter 3** of this report. Additionally, internal equity; i.e., the relationships between and the type of work performed by the City’s employees were reviewed. The results of both were utilized when developing the recommendations below.

FINDING

The City’s salary ranges were behind its desired market position for many of the benchmark classifications at the minimum, midpoint, and maximums, thus indicating a need for updates/revisions to remain competitive. The structure, or design, of the pay plan itself was sound. Making market competitive revisions to the plan would provide the City with an improved ability to attract, hire and retain employees.

RECOMMENDATION 1: Develop and implement a revised competitive Non-Union step plan aligned with the City’s compensation philosophy that reflects its desired market position and best practices; slot all classifications into the plans based on external and internal equity; and implement the revised structure by transitioning employees’ salaries into the plan.

Exhibit 4A shows the proposed revised step pay plan for all Non-Union employees with 21 pay grades and 14 steps. The range spreads are approximately 60–61 percent across all grades.



**EXHIBIT 4A
PROPOSED PAY PLAN**

Grade (MG)	1	2	3	4	5	6	7	8
7	\$ 31,782.68	\$ 33,326.03	\$ 34,892.96	\$ 36,436.41	\$ 38,003.23	\$ 39,546.69	\$ 41,113.51	\$ 42,657.52
9	\$ 34,916.33	\$ 36,646.73	\$ 38,354.32	\$ 40,061.36	\$ 41,791.76	\$ 43,499.35	\$ 45,206.39	\$ 46,913.42
10	\$ 36,506.52	\$ 38,307.58	\$ 40,108.09	\$ 41,885.79	\$ 43,686.30	\$ 45,464.00	\$ 47,264.51	\$ 49,065.58
11	\$ 38,892.36	\$ 40,809.71	\$ 42,704.26	\$ 44,621.61	\$ 46,516.15	\$ 48,410.69	\$ 50,328.05	\$ 52,222.59
12	\$ 40,646.13	\$ 42,634.15	\$ 44,621.62	\$ 46,633.00	\$ 48,621.01	\$ 50,609.03	\$ 52,596.50	\$ 54,584.51
13	\$ 42,610.78	\$ 44,739.01	\$ 46,866.68	\$ 49,042.21	\$ 51,123.14	\$ 53,228.01	\$ 55,309.50	\$ 57,414.33
14	\$ 44,528.14	\$ 46,773.21	\$ 48,995.47	\$ 51,263.91	\$ 53,438.33	\$ 55,636.66	\$ 57,812.19	\$ 60,010.52
15	\$ 47,006.90	\$ 49,299.27	\$ 51,614.45	\$ 53,906.26	\$ 56,221.44	\$ 58,513.26	\$ 60,828.99	\$ 63,120.80
16	\$ 49,532.95	\$ 51,918.80	\$ 54,284.65	\$ 56,712.74	\$ 59,121.39	\$ 61,553.43	\$ 63,962.63	\$ 66,395.21
17	\$ 51,754.66	\$ 54,257.35	\$ 56,782.85	\$ 59,284.98	\$ 61,811.03	\$ 64,336.54	\$ 66,862.59	\$ 69,412.01
18	\$ 54,093.22	\$ 56,736.11	\$ 59,355.64	\$ 61,974.61	\$ 64,617.51	\$ 67,283.23	\$ 69,926.13	\$ 72,569.03
19	\$ 57,204.04	\$ 59,987.15	\$ 62,793.08	\$ 65,576.19	\$ 68,382.67	\$ 71,165.80	\$ 73,972.27	\$ 76,778.75
20	\$ 59,776.28	\$ 62,699.60	\$ 65,622.93	\$ 68,546.25	\$ 71,469.58	\$ 74,392.91	\$ 77,339.60	\$ 80,262.93
21	\$ 62,839.82	\$ 65,927.28	\$ 69,014.19	\$ 72,101.09	\$ 75,188.57	\$ 78,252.10	\$ 81,339.00	\$ 84,425.91
22	\$ 65,669.68	\$ 68,920.71	\$ 72,147.83	\$ 75,375.51	\$ 78,602.63	\$ 81,806.38	\$ 85,034.06	\$ 88,261.18
23	\$ 68,663.11	\$ 72,054.36	\$ 75,422.25	\$ 78,812.95	\$ 82,180.84	\$ 85,548.73	\$ 88,916.06	\$ 92,307.32
24	\$ 71,820.67	\$ 75,352.14	\$ 78,883.05	\$ 82,414.52	\$ 85,969.36	\$ 89,477.47	\$ 93,008.94	\$ 96,540.41
25	\$ 76,474.40	\$ 80,216.19	\$ 83,958.53	\$ 87,700.32	\$ 91,442.11	\$ 95,183.90	\$ 98,925.69	\$ 102,667.48
27	\$ 83,584.08	\$ 87,676.40	\$ 91,769.28	\$ 95,862.16	\$ 99,955.03	\$ 104,070.73	\$ 108,163.60	\$ 112,255.93
28	\$ 87,395.97	\$ 91,675.80	\$ 95,955.63	\$ 100,258.83	\$ 104,538.66	\$ 108,841.86	\$ 113,121.13	\$ 117,401.51
30	\$ 97,802.88	\$ 102,597.38	\$ 107,415.25	\$ 112,209.19	\$ 117,003.69	\$ 121,774.26	\$ 126,568.76	\$ 131,339.89

**EXHIBIT 4A (Continued)
PROPOSED PAY PLAN**

Grade (MG)	9	10	11	12	13	14	Rg. Sp.
7	\$ 44,200.97	\$ 45,744.43	\$ 47,287.88	\$ 48,807.96	\$ 50,351.42	\$ 51,107.01	60.8%
9	\$ 48,597.65	\$ 50,304.68	\$ 51,988.90	\$ 53,695.94	\$ 55,379.60	\$ 56,210.87	61.0%
10	\$ 50,819.35	\$ 52,596.49	\$ 54,374.19	\$ 56,151.33	\$ 57,929.03	\$ 58,797.57	61.1%
11	\$ 54,093.21	\$ 55,987.75	\$ 57,858.92	\$ 59,752.91	\$ 61,623.53	\$ 62,548.26	60.8%
12	\$ 56,549.16	\$ 58,513.25	\$ 60,477.90	\$ 62,442.55	\$ 64,430.01	\$ 65,396.47	60.9%
13	\$ 59,472.48	\$ 61,553.42	\$ 63,612.10	\$ 65,669.67	\$ 67,751.16	\$ 68,767.70	61.4%
14	\$ 62,161.56	\$ 64,336.53	\$ 66,512.06	\$ 68,663.10	\$ 70,838.07	\$ 71,900.79	61.5%
15	\$ 65,389.24	\$ 67,681.05	\$ 69,949.50	\$ 72,218.49	\$ 74,486.38	\$ 75,603.63	60.8%
16	\$ 68,780.50	\$ 71,165.79	\$ 73,574.44	\$ 75,959.73	\$ 78,368.94	\$ 79,544.06	60.6%
17	\$ 71,914.14	\$ 74,416.27	\$ 76,918.96	\$ 79,421.09	\$ 81,923.78	\$ 83,152.31	60.7%
18	\$ 75,188.56	\$ 77,807.53	\$ 80,427.06	\$ 83,046.04	\$ 85,688.94	\$ 86,974.22	60.8%
19	\$ 79,537.94	\$ 82,321.05	\$ 85,080.79	\$ 87,840.54	\$ 90,623.65	\$ 91,982.94	60.8%
20	\$ 83,162.88	\$ 86,062.84	\$ 88,962.80	\$ 91,839.38	\$ 94,721.15	\$ 96,160.39	60.9%
21	\$ 87,466.08	\$ 90,506.25	\$ 93,546.98	\$ 96,587.15	\$ 99,650.68	\$ 101,145.17	61.0%
22	\$ 91,442.10	\$ 94,645.87	\$ 97,826.25	\$ 101,007.19	\$ 104,210.94	\$ 105,774.42	61.1%
23	\$ 95,628.47	\$ 98,972.43	\$ 102,316.95	\$ 105,637.55	\$ 108,982.07	\$ 110,616.77	61.1%
24	\$ 100,025.14	\$ 103,532.69	\$ 107,017.42	\$ 110,525.52	\$ 114,010.25	\$ 115,720.07	61.1%
25	\$ 106,385.91	\$ 110,080.96	\$ 113,799.94	\$ 117,494.99	\$ 121,189.48	\$ 123,007.80	60.8%
27	\$ 116,325.44	\$ 120,371.58	\$ 124,440.53	\$ 128,486.67	\$ 132,502.12	\$ 134,544.20	61.0%
28	\$ 121,657.42	\$ 125,913.88	\$ 130,170.34	\$ 134,403.43	\$ 138,659.89	\$ 140,739.71	61.0%
30	\$ 136,110.46	\$ 140,834.86	\$ 145,558.69	\$ 150,306.45	\$ 155,030.29	\$ 157,356.04	60.9%

After developing the revised pay plan, Evergreen slotted each proposed classification into the appropriate pay range in the recommended plan. Both internal and external equity were analyzed when slotting the classifications. Assigning pay grades to classifications requires a balance of internal equity, desired market position, and recruitment and retention concerns. Thus, market range data shown in **Chapter 4** were not the sole criteria for the proposed pay ranges. Some classifications' grade assignments varied from their associated market range due to the other factors mentioned above. The resulting recommended pay grades for each of the City's classifications are shown in **Exhibit 4B**.

**EXHIBIT 4B
PROPOSED PAY GRADES**

Recommended Class Title	Proposed Grade	Proposed Minimum	Proposed Midpoint	Proposed Maximum
Assistant Utility Billing Coordinator Purchasing Administrative Assistant Recreation Assistant	MG09	\$ 34,916.33	\$ 45,206.39	\$ 56,210.87
Administrative Secretary II Neighborhood Services Inspector I Staff Administrative Assistant	MG10	\$ 36,506.52	\$ 47,264.51	\$ 58,797.57
Administrative Coordinator II Administrative Coordinator Police Department Administrative Secretary II BH Neighborhood Services Inspector II Neighborhood Services Program Coordinator I	MG11	\$ 38,892.36	\$ 50,328.05	\$ 62,548.26
Executive Administrative Services Coordinator Fire Department Executive Assistant Neighborhood Services Inspector III Office Manager Project and Program Coordinator	MG12	\$ 40,646.13	\$ 52,596.50	\$ 65,396.47
Building Inspector Executive Administrative Services Coordinator Human Resources Coordinator II Permits Manager II	MG13	\$ 42,610.78	\$ 55,309.50	\$ 68,767.70
Business/Community Development Finance Specialist Community Event Coordinator Crime Data/Intelligence Analyst Planner I Planning/Outreach Coordinator Plumbing Inspector II Senior Data Analyst Utility Billing Assistant	MG14	\$ 44,528.14	\$ 57,812.19	\$ 71,900.79
Accreditation Recruitment Administrator Building Inspector III Electrical Inspector IT Systems Administrator Police Department Systems Administrator Procurement Administrator Recreation Promotion & Services Coordinator TV Production/Web Coordinator	MG15	\$ 47,006.90	\$ 60,828.99	\$ 75,603.63
Collection System Supervisor Forensic Scientist I Human Resources Administrator--Benefits & Wellness Police Systems Network Engineer	MG16	\$ 49,532.95	\$ 63,962.63	\$ 79,544.06

**EXHIBIT 4B (CONTINUED)
PROPOSED PAY GRADES**

Recommended Class Title	Proposed Grade	Proposed Minimum	Proposed Midpoint	Proposed Maximum
Instrumentation & Maintenance Coordinator Parking System Supervisor Payroll Administrator Project Engineer Sergeant (4x10HR) Sergeant (5x8HR) System & Facilities Coordinator Utilities Facilities Manager Vehicle & Equipment Maintenance Supervisor Wastewater Treatment Plant Assistant Superintendent Wastewater Instrumentation & Maintenance Supervisor	MG17	\$ 51,754.66	\$ 66,862.59	\$ 83,152.31
Customer Service Supervisor Electrical Engineering Designer Engineering Designer I Parks Maintenance and Construction Supervisor Street Supervisor Supervisor of Inseptions/Drafting Traffic Control/Building Maintenance Supervisor Water Distribution Foreman Collection System Superintendent Community Development Manager Forensic Scientist II Organizational Development Specialist Senior Financial Accountant Wastewater Treatment Plant Superintendent	MG18	\$ 54,093.22	\$ 69,926.13	\$ 86,974.22
Chief of Laboratory Testing City Clerk Distribution General Foreman Lieutenant (4x10HR) Lieutenant (5x8HR) Risk/Human Resources Administrator Water Distribution Superintendent Water Production Superintendent Communications Officer Development Planner/Zoning Administrator Engineer Engineering Designer II Fire Battalion Chief Parks & Recreation Manager Support Services Administrator	MG19	\$ 57,204.04	\$ 73,972.27	\$ 91,982.94
Chief Code Official Distribution Superintendent Neighborhood Services Manager Staff Engineer Supervisory Forensic Scientist Utilities Finance Manager	MG20	\$ 59,776.28	\$ 77,229.60	\$ 96,160.39
	MG21	\$ 62,839.82	\$ 81,339.00	\$101,145.17
	MG22	\$ 65,669.68	\$ 85,034.06	\$105,774.42

**EXHIBIT 4B (CONTINUED)
PROPOSED PAY GRADES**

Recommended Class Title	Proposed Grade	Proposed Minimum	Proposed Midpoint	Proposed Maximum
Accounting & Budget Manager Assistant City Engineer Fire Marshal Information Technology Manager Wastewater Operations Manager Water Operations Manager	MG23	\$ 68,663.11	\$ 88,916.06	\$110,616.77
Electric Operations Manager Police Captain	MG24	\$ 71,820.67	\$ 93,008.94	\$115,720.07
Director of Community & Economic Development Director of Human Resources Director of Public Works Fire Chief	MG25	\$ 76,474.40	\$ 98,925.69	\$123,007.80
City Engineer Director of Planning & Code Administration Police Chief	MG27	\$ 83,584.08	\$108,163.60	\$134,544.20
Director of Finance Utility Director	MG28	\$ 87,395.97	\$113,121.13	\$140,739.71
City Administrator	MG30	\$ 97,802.88	\$126,568.76	\$157,365.04

After assigning pay grades to classifications, the next step was to develop appropriate methods (options) for transitioning employees' salaries into the new/revised pay plans. This was done by establishing methods of calculating salaries in the proposed pay ranges and determining whether adjustments were necessary. Evergreen developed, recommended, and provided several options for implementing the proposed pay plan. Following review with the City of the options, the most appropriate transition method was selected, and is described below. It is important to note that the approximate costs associated with the options approximate the cost of salary adjustments (only) and do not include the associated costs for employee benefits.

Closest Step Up

First, employees' salaries were compared to the minimums of their classification's proposed pay ranges. If an employee's salary was below his or her classification's pay range minimum, an adjustment was proposed to raise the individual's salary to the minimum.

Then, employees' salaries were brought to the closest step in the proposed pay plan, based on their current salary, so that no salaries fell in between steps. Utilizing this approach, adjustments were then recommended for a total of 130 employees with an approximate total annualized cost of **\$138,698**.



4.2 SYSTEM ADMINISTRATION

The City's compensation system will continue to require periodic maintenance. The recommendations provided to improve the competitiveness of the plan were developed based on conditions at the time the data were collected. Without proper upkeep, the potential for recruitment and retention issues may increase as the compensation system becomes dated and less competitive.

RECOMMENDATION 2: Conduct small-scale salary surveys as needed to assess the market competitiveness of hard-to-fill classifications and/or classifications with retention issues and make changes to pay grade assignments if necessary.

While it is unlikely that the pay plan in total will need to be adjusted for several years, a small number of classifications' pay grades may need to be reassigned more frequently. If one or more classifications are exhibiting high turnover or are having difficulty with recruitment, the City should collect salary range data from peer organizations to determine whether an adjustment is needed for the pay grade of the classification(s). If increasing a classification's pay grade based on market data does not help with the recruitment and/or retention issues, it may be necessary for the City to offer incentives to attract employees to the position and/or to encourage employees to remain in the position.

RECOMMENDATION 3: Conduct a comprehensive classification and compensation study every three to five years.

Small-scale salary surveys can improve the market position of specific classifications, but it is recommended that a full classification and compensation study be conducted every three to five years to preserve both internal and external equity. Changes to classification and compensation do occur, and while the increments of change may seem minor, they can compound over time. A failure to react to these changes quickly has the potential to place the City in less than desirable position for recruiting and retaining quality employees.

RECOMMENDATION 4: Review and revise, as appropriate, guidelines for progressing employee salaries through the pay plan, including those for determining salaries of newly hired employees and employees who have been promoted or transferred to a different classification or department.

The method of moving salaries through the pay plan and setting new salaries for new hires and promotions, depends largely on an organization's compensation philosophy. It is important for the City to have established guidelines for each of these situations, and to ensure that they are followed consistently for all employees. Common practices for progressing and establishing employee salaries are outlined below.

Salary Progression

There are several common methods for salary progression including cost of living adjustments (COLA) across the board, time based, and employee performance based. It is recommended that the City continuously evaluate, as it has with this study, its salary progression methods for employees' salaries and make changes to align with its compensation philosophy as appropriate.



New Hires

Typically, an employee holding the minimum education and experience requirements for a classification is hired at or near the classification's pay grade minimum. However, for recruiting purposes the City needs the ability to offer salaries to new employees that consider prior related experience. It is recommended that the City continue to allow flexibility when establishing new employee salaries. It is also important, however, when determining new hire salaries to, when possible, preserve the internal equity of employees' salaries within the classification.

Promotions

When an employee is promoted to a new classification, it is important to have guidelines for calculating the employee's new salary that rewards the employee for his or her new responsibilities, moving the salary into the new pay grade, and ensuring internal equity in the new classification. For example, a range of five to seven percent increase is common today, with consideration given to preserving the internal equity of employees' salaries within the classification. The City has established promotion guidelines which will continue to require review going forward to remain current with best practice.

4.3 SUMMARY

The recommendations in this chapter provide an update to the compensation system for the City's Non-Union employees. If implemented, the recommendations will enhance the City's competitiveness in the labor market. By implementing the revised pay plan, it will have a responsive compensation system for several years to come. While the upkeep of this will require work, the City will find that having a more competitive system that enhances strong recruitment and employee retention is well worth this commitment.

