

**AGENDA FOR COMMITTEE OF THE WHOLE MEETING
SUPERIOR, WISCONSIN
Wednesday - February 18, 2015
Immediately following the 6:30 p.m. Regular Council Meeting
Government Center, Board Room 201**

ROLL CALL

1. **WITH POWER TO ACT:** Mayor Hagen is recommending approval of the Carlson-Dettmann Consulting pay plan, wage adjustments and longevity change.
(ref'd from 1/20/15 Regular Council mtg)

BUSINESS BY PUBLIC

If you would like to speak before the Council, please sign your name on the sign-up sheet prior to the Council meeting. Due to requirements of the Wisconsin Open Meetings laws, only matters placed on this agenda may be approved by the Council at this meeting, however, citizens may address the Council regarding items which require no action. No personal attacks on individuals will be allowed, and all comments by members of the public shall be limited to three (3) minutes in length.

Citizens should contact the Mayor, a Councilor, or the City Clerk to have a matter placed on a future Council agenda for consideration.

Pursuant to the Americans with Disabilities Act of 1990, if you are in need of an accommodation to participate in the public meeting process, please contact the City Clerk's Office at (715) 395-7200 prior to the scheduled meeting. The City will attempt to accommodate any request depending on the amount of notice received. TDD (715) 395-7521.

In compliance with Wisconsin Open Meetings Law, this agenda was:

Posted: Government Center, Court House, & Public Library

Faxed to: Daily Telegram, Public Library: 2-12-15

CARLSON DETTMANN CONSULTING

February 10, 2015

MEMORANDUM RE: Pay Range Metrics

Policy Question: What are the metrics of a pay range?

We constructed a pay plan based upon a regression analysis of 49 benchmark positions using job evaluation scores and market medians (averages) from 19 municipalities. For purposes of illustration, I will use Grade K for this discussion

	87.5%	90.0%	92.5%	95.0%	97.5%	100.0%	102.5%	105.0%	107.5%	110.0%	112.5%
Grade	Minimum	Step 2	Step 3	Step 4	Step 5	Control Pt	Step 7	Step 8	Step 9	Step 10	Step 11
K	\$30.19	\$31.05	\$31.91	\$32.78	\$33.64	\$34.50	\$35.36	\$36.23	\$37.09	\$37.95	\$38.81

Grade K includes all jobs within the range of 700 to 749 points, and it has a “Control Point” of \$34.50 per hour. This is the rate of pay derived from the regression analysis explained in the report. Because the Control Point statistically represents the market average, we have recommended that the pay range reflect the variance in market behavior. The design preference is that there be a pay range minimum that reflects what other communities are paying on the lower end, and a maximum that is competitive with the higher end. To illustrate the point, I will use the classification of Police Sergeant – a classification assigned to Grade K - as an example of how this works in practice.

According to our survey, 15 cities reported employing 112 Police Sergeants. The median rate for the 15 communities (adjusted by 2% for 2015) was \$35.63. The 25th percentile was \$32.23, and the 75th percentile was \$36.76. The figures do not represent the full range of pay in those communities, only the average actual rates. The average maximum rates are likely to be higher.

We believe the percentage amounts shown in the Grade schedule above the scheduled pay steps may have been confusing. Their only purpose was to show the relationship between the related step and the Control Point. Each step is 2.5% of the Control Point so that each step is an equal dollar amount. The result is a more rapid rate of increase early in the position, and a more gradual rate of advance beyond the Control Point.

If the “market estimate” (the median, or average) is \$35.63, why should the City pay more than that rate?

Charles E. Carlson
charles.carlson@carlsondettmann.com
608.239.7991

Our intent in recommending a range of pay for Grade K of \$30.19 to \$38.81 is to make the City competitive across the entire measured market. If the City were to stop the range at \$34.50 – the Control Point – then it only would be competitive with the lower half of the market. Having the range reflect the breadth of the measured market will keep the City competitive for some time without having to re-measure the market annually.

Why eleven steps?

The City requested a step-based pay plan because it is not prepared to consider a more “open range” plan where the amount of future pay increases is based upon performance measurement. The recommended pay plan has uniform range spreads of 28.5%, whereas a performance-based plan would have range spreads of at least 35-50% to allow for greater variance. The proposed step plan is more tightly structured around the market.

The current City pay classifications lack a consistent structure in terms of range spread. Spreads range from as low as 2% to as high as 25%. The Police Sergeant classification has a current pay range spread of 3%. In our experience, it takes time to master public service responsibilities, and we find that a step system that spans ten years is appropriate, assuming an employee is hired at the range minimum. Some of our clients have chosen to make the interval between Steps 8-11 two, or even three years, to give the plan longer shelf life.

The pay ranges overlap between pay grades, giving the City room to promote employees, instead of hiring from the outside. Our typical policy recommendation is that, upon promotion, an employee moves to the step of the higher pay range providing at least a five percent increase. The broader ranges will give the City room it needs.

If the City adopts this step plan, will employees in future years receive both a step increase and a cost-of-living adjustment?

At this point it is impossible to answer that question definitively. Currently, and probably for the foreseeable future, all Wisconsin municipalities face minimal revenue growth. Second, the rate of inflation continues to be very low. Third, the City may continue to struggle to control the cost of health insurance.

Our experience is that public employers that adopt sound pay plans will weigh these factors annually in making decisions about cost-of-living adjustments. We want the plan to remain competitive, so the City will need to continue to measure the market carefully, balancing employee needs with the community’s demand for services and its ability to meet all of the financial requirements. These will be the controlling factors, and they will be a challenge. The pay plan we have proposed will place the City in a strong, flexible position going forward.