



SHORELINE CITY COUNCIL SPECIAL MEETING

Monday, March 23, 2015
5:45 p.m.

Conference Room 303 · Shoreline City Hall
17500 Midvale Avenue North

1. **TOPIC/GUESTS** 5:45 p.m.
 - Classification and Compensation Study Update

2. **ADJOURN** 6:45 p.m.

The Council meeting is wheelchair accessible. Any person requiring a disability accommodation should contact the City Clerk's Office at 801-2231 in advance for more information. For TTY service, call 546-0457. For up-to-date information on future agendas, call 801-2236 or see the web page at www.shorelinewa.gov. Council meetings are shown on Comcast Cable Services Channel 21 and Verizon Cable Services Channel 37 on Tuesdays at 12 noon and 8 p.m., and Wednesday through Sunday at 6 a.m., 12 noon and 8 p.m. Online Council meetings can also be viewed on the City's Web site at <http://shorelinewa.gov>.

Memorandum

DATE: March 23, 2015
TO: Shoreline City Councilmembers
FROM: Paula Itaoka, Human Resources Director
RE: 2015 Compensation and Classification Study - Labor Market Discussion
CC: Debbie Tarry, City Manager
John Norris, Assistant City Manager

In early 2014, the City Council directed the City Manager to conduct a holistic review of the City's compensation plan in 2015. On September 8, 2014 staff received policy direction from Council regarding the scope of the study to include base salary compensation and classification, non-salary cash and deferred compensation and employer contributions toward health care. The memo provided to the Council on September 8 regarding the scope of this study can be found at the following link:

<http://cosweb.ci.shoreline.wa.us/uploads/attachments/cck/council/dinner/090814Dinner.pdf>

Subsequent to this discussion, staff conducted a request for proposal to engage a consulting firm to conduct the study. Ralph Andersen and Associates was selected to conduct the study and on January 26, 2015 Council approved a contract for professional services.

As was noted in the staff report provided to Council when requesting contract approval, Ralph Andersen and Associates has provided human resource consulting services since 1972. Their firm has a strong focus on serving public sector clients, and they have had a lot of experience conducting compensation and classification studies for cities across the country. Ralph Andersen also conducted Shoreline's only compensation and classification study in 1997. More information about Ralph Andersen and Associates can be found at their website:

<http://www.ralphandersen.com>.

The project manager for the study from Ralph Andersen and Associates is Doug Johnson. Mr. Johnson has 28 years of local government consulting experience with particular expertise conducting compensation and classification studies. Mr. Johnson is joining the Council this evening to facilitate a labor market discussion in advance of conducting the study. Attached to this memo is a copy of Mr. Johnson's presentation and proposed project schedule.

Attachments:

Attachment A: 2015 Compensation and Classification Study - Labor Market Discussion
Presentation

Attachment B: 2015 Compensation and Classification Study Project Timeline



City of Shoreline Labor Market Discussion

Doug Johnson, Vice President

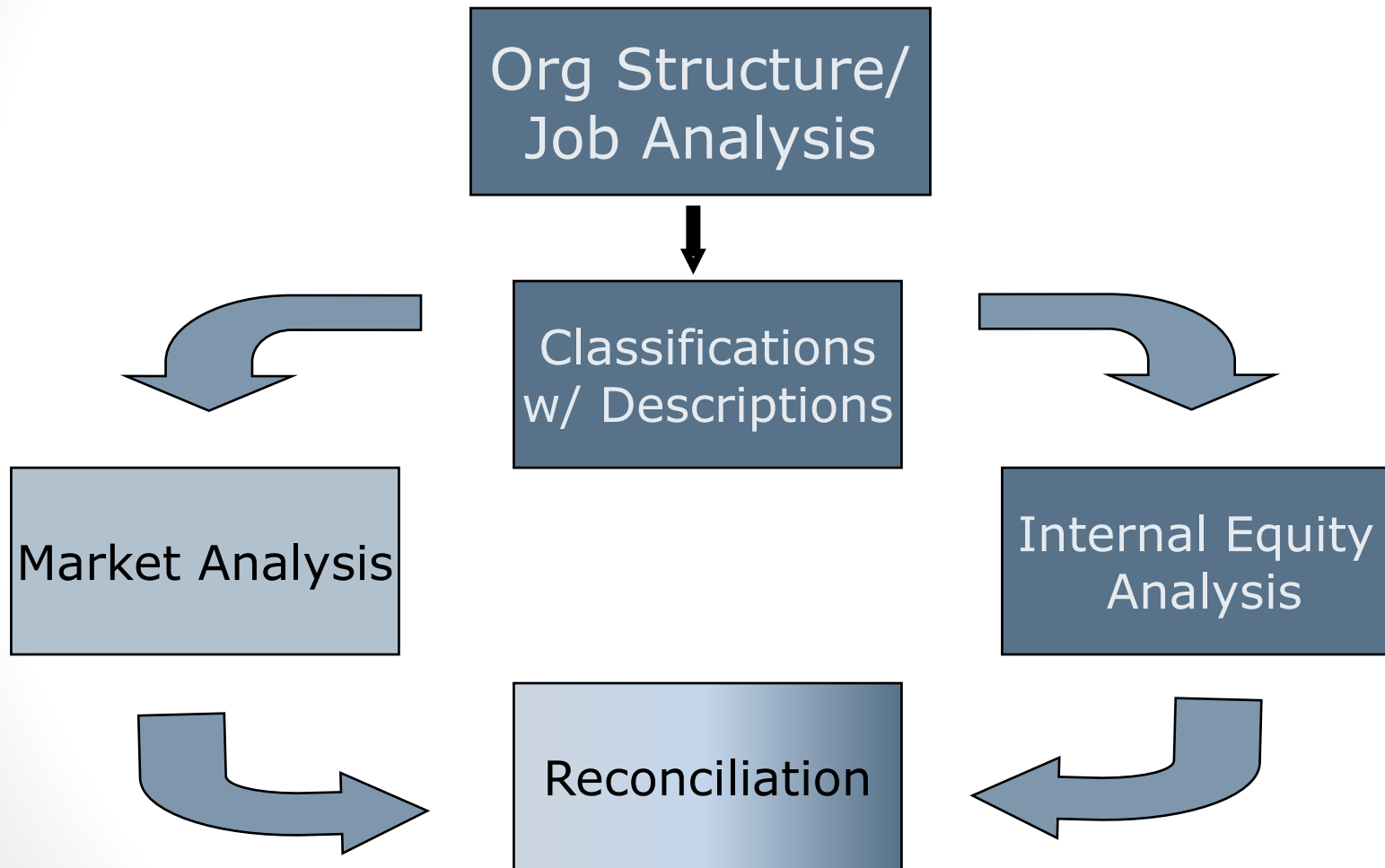
Ralph Andersen & Associates

Why Surveys Are Done

- Anticipate and understand what labor market is doing
- Be deliberate in making changes or allocating resources to wages and benefits
- Provide defensibility for compensating employees
- Minimize market surprises where key resources are suddenly scarce or are recruited away from the City due to uncompetitive salaries and benefits
- Data-driven decision making

- Public and Private employers do the same things; just a difference in accessibility of data

Pay Plan Development



Compensation Policies

- **Labor Market Selection**
- Labor Market Position
- Base Salary vs. Benefits
- Use of private sector data/sources
- Internal vs. External Equity
- Pay Delivery Methods

Labor Market Selection Criteria

- Historical practices
- Nature of services
- Geographic proximity
- Employer size
- Economic similarity
- Efficiency in providing data

Nature of Services

- Cities
- Local County
- Other Public Agencies
- Cover key services
- Private Sector

Geographic Proximity

- Reasonable commuting distance
- Surrounding Counties/Region
- Depends on number of comparable employers
 - Services
 - Size
 - Economic similarity

Employer Size

- Population, revenues, expenditures
- Avoid small employers with insufficient jobs
- Geographic region and proximity may require using larger employers
- Daytime population (tourism, business parks) won't be evident in census population
- Size impacts with respect to job matching can be analyzed as part of job comparability assessment

Economic Similarity

- Cost of Living Index
- Relative Wage Index
- Economic Research Institute (ERI)
- Objective
 - Balance
 - Avoid extreme differences
- Proximity trumps economic similarity

Target Selection Criteria

- Within 55 miles of city
- Major service areas
- Sufficient size
- Similar cost of living (if possible)
- No perfect market; balance of selection factors

Potential Survey Agencies

Agency	Population Served	Distance	ERI COL	ERI Wage	Govt Form	Hist
Shoreline	53,990	0	100.0	100.0	Council-Manager	
Bellevue	132,100	16	121.4	100.4	Council-Manager	X
Kent	120,500	31	93.7	99.9	Mayor-Council	X
Everett	104,200	18	97.0	100.1	Mayor-Council	X
Renton	95,540	23	97.7	100.3	Mayor-Council	X
Federal Way	89,720	17	89.8	100.3	Mayor-Council	X
Kirkland	81,730	17	113.4	100.0	Council-Manager	X
Auburn	73,235	39	87.2	99.8	Mayor-Council	X
Marysville	62,100	24	97.6	99.7	Mayor-Council	
Lakewood	58,310	54	89.3	96.2	Council-Manager	Mgmt
Redmond	55,840	21	114.2	100.3	Mayor-Council	X
Olympia	48,480	72	90.8	93.0	Council-Manager	Mgmt
Sammamish	48,060	28	101.5	100.0	Council-Manager	
Burien	48,030	23	90.7	100.0	Council-Manager	
Edmonds	39,950	5	91.8	99.9	Mayor-Council	X
Puyallup	37,980	47	88.3	96.1	Council-Manager	
Bremerton	37,850	76	88.7	96.3	Mayor-Council	
Lynnwood	35,960	6	94.1	99.8	Mayor-Council	
Bothell	34,460	14	102.3	99.9	Council-Manager	
Mount Vernon	32,710	52	84.1	94.3	Mayor-Council	
Issaquah	32,130	28	107.9	99.5	Mayor-Council	
University Place	31,340	50	103.6	96.3	Council-Manager	
Des Moines	29,730	29	90.6	100.1	Council-Manager	
Lake Stevens	28,960	26	88.2	99.3	Mayor-Council	
Maple Valley	23,910	40	89.6	99.1	Council-Manager	
Bainbridge Island	23,190	21	95.6	96.6	Council-Manager	
Mercer Island	22,720	18	120.2	100.0	Council-Manager	
Kenmore	21,170	5	93.0	99.5	Council-Manager	
Mountlake Terrace	20,160	3	96.4	100.1	Council-Manager	
King County	N/A	11	127.0	100.4	N/A	X

Data Sources:

Population - State of Washington, City and Town Profiles

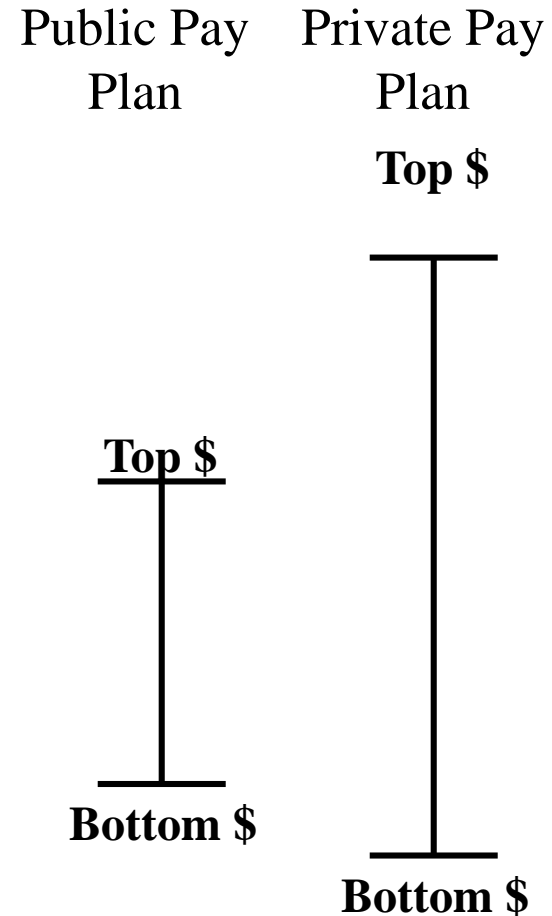
Distance - Google Maps

Cost of Living Index - Economic Research Institute Relocation Assessor; Jan 2015

Wage Index - Economic Research Institute Geographic Assessor; Jan 2015

Private Sector Data

- Can be important source
- Data is harder to obtain
- Fewer comparables
- No ability to audit data
- Different philosophies
- Different pay mechanisms
- Use is a policy decision



Next Steps

- Job analysis tasks
 - Employee questionnaires
 - Employee interviews
 - Analyze compensable factors
- Collect and analyze market survey data
- Present draft survey findings to with options
 - Internal relationship emphasis
 - Market position
- Draft report
- Final report and presentation



City of Shoreline

Task	% Complete	3/9	3/16	3/23	3/30	4/6	4/13	4/20	4/27	5/4	5/11	5/18	5/25	6/1	6/8	6/15	6/22		
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16		
Classification																			
Project Kick Off Meeting	100%																		
Employee Briefings	0%																		
Employees Complete JAQs	0%																		
Managers Review JAQs	0%																		
JAQs to RA&A	0%																		
Prepare Interview Schedule	0%																		
Employee Interviews	0%																		
Review Draft Class Report	0%																		
Write Job Descriptions	0%																		
Employee Notices and Specs	0%																		
Summary of Issues	0%																		
Employee Responses	0%																		
Final Job Descriptions	0%																		
Compensation																			
Compensation Policy	0%																		
Compensation Survey	0%																		
Draft Compensation Report	0%																		
Follow-up Research	0%																		
Final Compensation Report	0%																		
Final Presentations	0%																		