

**CITY COUNCIL AGENDA ITEM**  
CITY OF SHORELINE, WASHINGTON

<b>AGENDA TITLE:</b>	Discussion of Compensation and Classification Study Labor Market Recommendation		
<b>DEPARTMENT:</b>	Human Resources		
<b>PRESENTED BY:</b>	Paula Itaoka, Human Resources Director		
<b>ACTION:</b>	<input type="checkbox"/> Ordinance	<input type="checkbox"/> Resolution	<input type="checkbox"/> Motion
	<input checked="" type="checkbox"/> Discussion	<input type="checkbox"/> Public Hearing	

**PROBLEM/ISSUE STATEMENT:**

In early 2014, the City Council directed the City Manager to conduct a holistic review of the City's compensation plan in 2015. In September of last year, Council provided direction 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. Subsequent to this discussion, staff conducted a request for proposal to engage a consulting firm to conduct the study, and Ralph Andersen and Associates was selected. The project manager for the study from Ralph Andersen and Associates is Doug Johnson.

On March 23<sup>rd</sup>, Mr. Johnson attended a Council Dinner Meeting to facilitate a labor market discussion in advance of conducting the compensation study. Mr. Johnson subsequently recommended a set of survey agencies to the City Manager. The City Manager is also recommending continuation of the City's Y-Rating policy. Tonight, Mr. Johnson is joining the Council to follow up on the discussion from March 23 and review the recommended survey agencies with the Council.

**RESOURCE/FINANCIAL IMPACT:**

There is no financial impact resulting from the selection of survey agencies. Any potential financial impact as a result of the study will be examined at the conclusion of the study.

**RECOMMENDATION**

Staff recommends that Council discuss and consider the City Manager's recommendations for survey agencies and continuation of the City's Y-Rating policy and provide feedback prior to proceeding with the Compensation and Classification study.

Approved By: City Manager **DT** City Attorney **MK**

## **BACKGROUND**

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 attended the Council Dinner Meeting on March 23, 2015 to facilitate a labor market discussion in advance of conducting the study. The memo and related exhibits provided to the Council on March 23 can be found at the following links:

- [March 23, 2015 Dinner Meeting Memo](#)
- [March 23, 2015 Dinner Meeting Memo - Attachment A](#)
- [March 23, 2015 Dinner Meeting Memo - Attachment B](#)

Mr. Johnson subsequently recommended a set of survey agencies to City Manager Tarry. Tonight, Mr. Johnson is joining the Council to follow up on the discussion from the March 23 dinner meeting and review the recommended survey agencies with the Council.

## **DISCUSSION**

The recommended survey agencies were developed by Mr. Johnson taking into consideration a balance of the following factors: historical practice, nature of services, geographic proximity, employer size, economic similarity, and efficiency in providing data.

Thirteen survey agencies are recommended as follows:

City of Shoreline Recommended Survey Agencies						
Survey Agency	Population Served	Distance From Shoreline	ERI - Cost of Living Index	ERI - Wage Index	Government Form	Historical Comparable
<b>Shoreline</b>	<b>53,990</b>	<b>0</b>	<b>100.0</b>	<b>100.0</b>	<b>Council-Manager</b>	
Seattle	626,600	11	127.0	100.4	Mayor-Council	
Bellevue	132,100	16	121.4	100.4	Council-Manager	X
Everett	104,200	18	97.0	100.1	Mayor-Council	X
Renton	95,540	23	97.7	100.3	Mayor-Council	X
Kirkland	81,730	17	113.4	100.0	Council-Manager	X
Marysville	62,100	24	97.6	99.7	Mayor-Council	
Redmond	55,840	21	114.2	100.3	Mayor-Council	X
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
Lynnwood	35,960	6	94.1	99.8	Mayor-Council	
Bothell	34,460	14	102.3	99.9	Council-Manager	
Kenmore	21,170	5	93.0	99.5	Council-Manager	
<b>Median</b>	<b>55,840</b>	<b>17</b>	<b>97.7</b>	<b>100.0</b>		

**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

Six of the recommended agencies are historical - Bellevue, Everett, Renton, Kirkland, Redmond and Edmonds. Five historical agencies are no longer recommended - Kent, Auburn, Lakewood, Olympia and King County. All of the recommended agencies are within 28 miles of Shoreline. The median population served of the recommended agencies is 55,480; Shoreline's population size is 53,990. There is also balance between larger and smaller agencies; the largest is Seattle and the smallest is Kenmore.

As well, based on research from the Economic Research Institute (ERI), there is similarity in the cost-of-living (COL) amongst the labor market cities with some being slightly higher than Shoreline and some being slightly lower. The median ERI COL is 97.7, with Shoreline being 100. This is also the case with the ERI Wage Index, which highlights the similarities in wages of like employers in the surveyed communities. In this case, Shoreline is right at the median of the ERI Wage.

There won't be any Director matches from Seattle because those positions are much larger in scope. When salary surveys are done, regardless of the labor market, position matches have to take into account span-of-control (size) and job scope differences. In

other words, one entity may have positions that match with Shoreline positions and others may not because of span of control and responsibility differences. It is likely that non-director positions will have some matches from all recommended agencies, positions such as professional, technical, administrative, vocational, clerical, etc.

**Y-Rating**

In addition to the 13 recommend survey agencies, the City Manager recommends continuation of City’s current Y-Rating policy located in the Employee Handbook. This policy is noted in section 5.07.I of the handbook:

- I. Y-Rating. When a regular employee’s position has been y-rated, the employee will remain at the same rate of pay until the pay range increases enough to include that rate. At that time, the employee shall be placed in the first step that does not provide for a decrease. No COLA or step increase will be awarded during this period.

Therefore, y-rating would prevent a reduction in an employee’s existing pay as a result of the compensation study.

**NEXT STEPS**

The next steps sequentially outlined in the consultant’s scope of work include:

Reviewing Position Questionnaires	Happening Now
Conducting Job Analysis Interviews	Happening Now
Preparing and Reviewing Preliminary Classification Report	Coming Up Soon
Updating City Job Descriptions	Coming Up Soon
Undertake Management/Employee Review Process (Class Specifications, Feedback from Employees, Follow-Up Phone Interview as Needed)	Coming Up Soon
Finalizing Classification Recommendations	Coming Up Soon
Discuss and Document Compensation Policy	May/June/July
Collect Compensation Data	May/June/July
Compile and Format Compensation Data	May/June/July
Audit and Finalize Compensation Data	May/June/July
Conduct Internal Relationship Analysis	May/June/July
Develop Salary Range Recommendations	May/June/July
Develop Implementation Strategy Options and Compute Implementation Costs	May/June/July
Prepare and Review Preliminary Compensation Report	May/June/July
Prepare and Submit Final Reports	May/June/July
Reviewing Position Questionnaires	May/June/July

## **RESOURCE/FINANCIAL IMPACT**

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## **RECOMMENDATION**

Staff recommends that Council discuss and consider the City Manager's recommendations for survey agencies and continuation of the City's Y-Rating policy and provide feedback prior to proceeding with the Compensation and Classification study.