

City of Hercules Compensation Report

January 2020

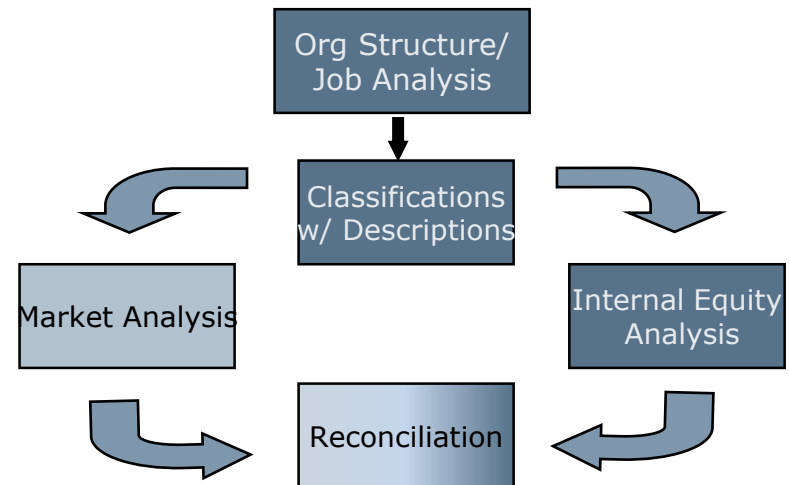
Study Process

- All job classifications were analyzed using a thorough process with a high level of employee and stakeholder involvement:
 - Employees completed a Job Analysis Questionnaire (JAQ) documenting their job duties, qualifications, resource responsibilities, working contacts, and working conditions.
 - Employees were interviewed by project consultants to obtain additional information and clarification of job duties and issue areas.
 - Employees and managers have reviewed job descriptions and have provided feedback on job titles and job description content.
- Final job descriptions have been developed that incorporate comments and suggestions from employees and managers.
- Compensation survey data has been collected and analyzed including base salary and major benefit data.
- Implementation of the survey results requires policy considerations and discussions through the meet and confer process.

Pay Plan Development

The development and modification of the City's pay plan involves an assessment of several components:

- A comparison of City salary ranges with salary ranges for comparables jobs in agencies that represent the labor market.
- An analysis of the City's major benefits using a total compensation model. This analysis identifies areas of strengths and weaknesses in the City's benefits compared to market practices.
- Salary range analysis uses a combination of market data and a review/analysis of internal salary relationships.
- Implementation and impact on individual employee is a separate process.



Why Surveys Are Done

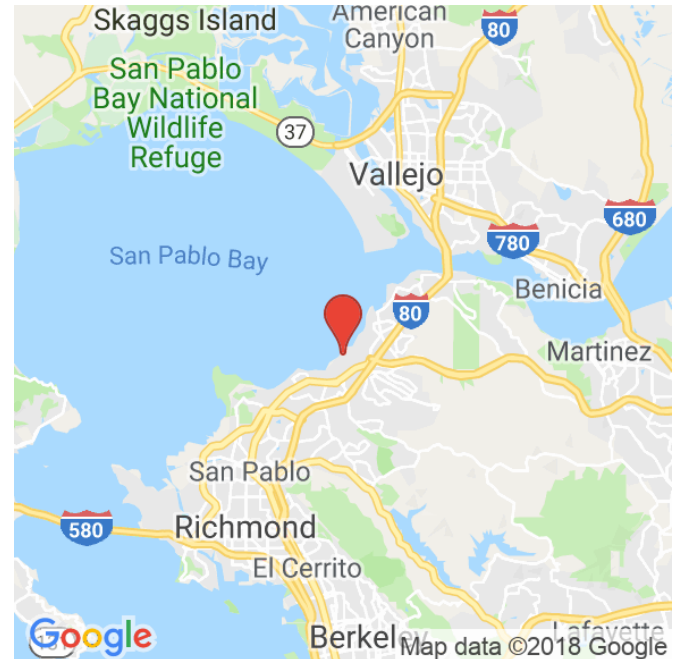
Compensation surveys are a necessary part of assessing and updating an organization's compensation plan.

- Anticipate and understand what labor market is doing
- Data-driven framework for allocating resources to wages and benefits
- Provide defensibility and public accountability employee compensation
- Optimize the City's ability to recruit and retain employees
- Should the City enter into mediation or fact-finding, these processes are data-driven

Public and Private employers both use market data to assess compensation; just a difference in accessibility and transparency of data.

Survey Agencies

City	Population Served	Driving Distance	Total Expenditures	ERI COL	ERI Wage	Police
Hercules	25,675	0	\$28.0 Mil	100.0	100.0	X
Albany	18,988	13	\$31.9 Mil	100.0	99.8	X
Benicia	27,695	14	\$53.9 Mil	96.6	95.1	X
Brentwood	61,055	32	\$115.6 Mil	100.1	100.1	X
El Cerrito	24,600	10	\$39.7 Mil	100.0	100.6	X
Martinez	37,658	12	\$44.4 Mil	100.1	100.0	X
Novato	54,522	34	\$46.1 Mil	104.8	104.2	X
Pinole	18,975	2	\$23.5 Mil	99.6	99.5	X
Pleasant Hill	34,657	15	\$29.4 Mil	99.8	99.7	X
San Bruno	45,295	35	\$89.7 Mil	105.4	104.7	X
San Pablo	31,053	20	\$37.3 Mil	99.9	100.1	X
Median	32,855	15	\$42.1 Mil	100.0	100.1	



Data Sources:

Population - CA Dept of Finance; 2016

Distance - Google Maps

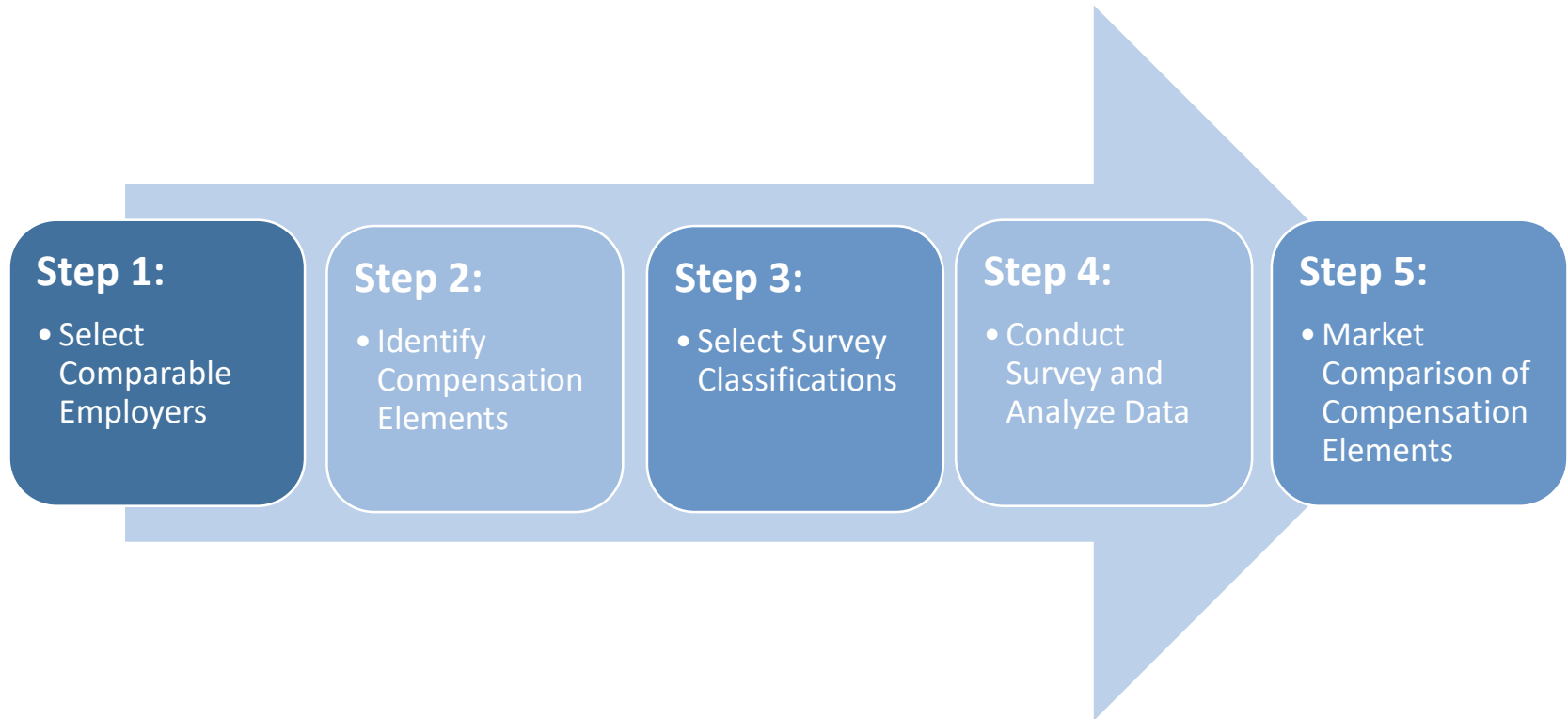
Revenues/Expenditures - CA State Controller; 2016

Cost of Living/Wage Index - Economic Research Institute

Survey agencies are consistent with past survey practices and balance the selection factors of:

- Nature of services
- Geographic proximity
- Size
- Economic similarity

Survey Process



Compensation survey data was collected by the project consultants and included the collection and analysis of the following:

- Organization charts, budgets, and position control documents
- Job descriptions
- Salary schedules
- Benefits summaries and MOUs
- Follow-up information provided by each survey agency

Survey job matches were determined by the project consultants and went beyond title comparisons.

Matching Job Classifications

Matching job classifications relies on a number of source documents beyond comparisons of job descriptions.

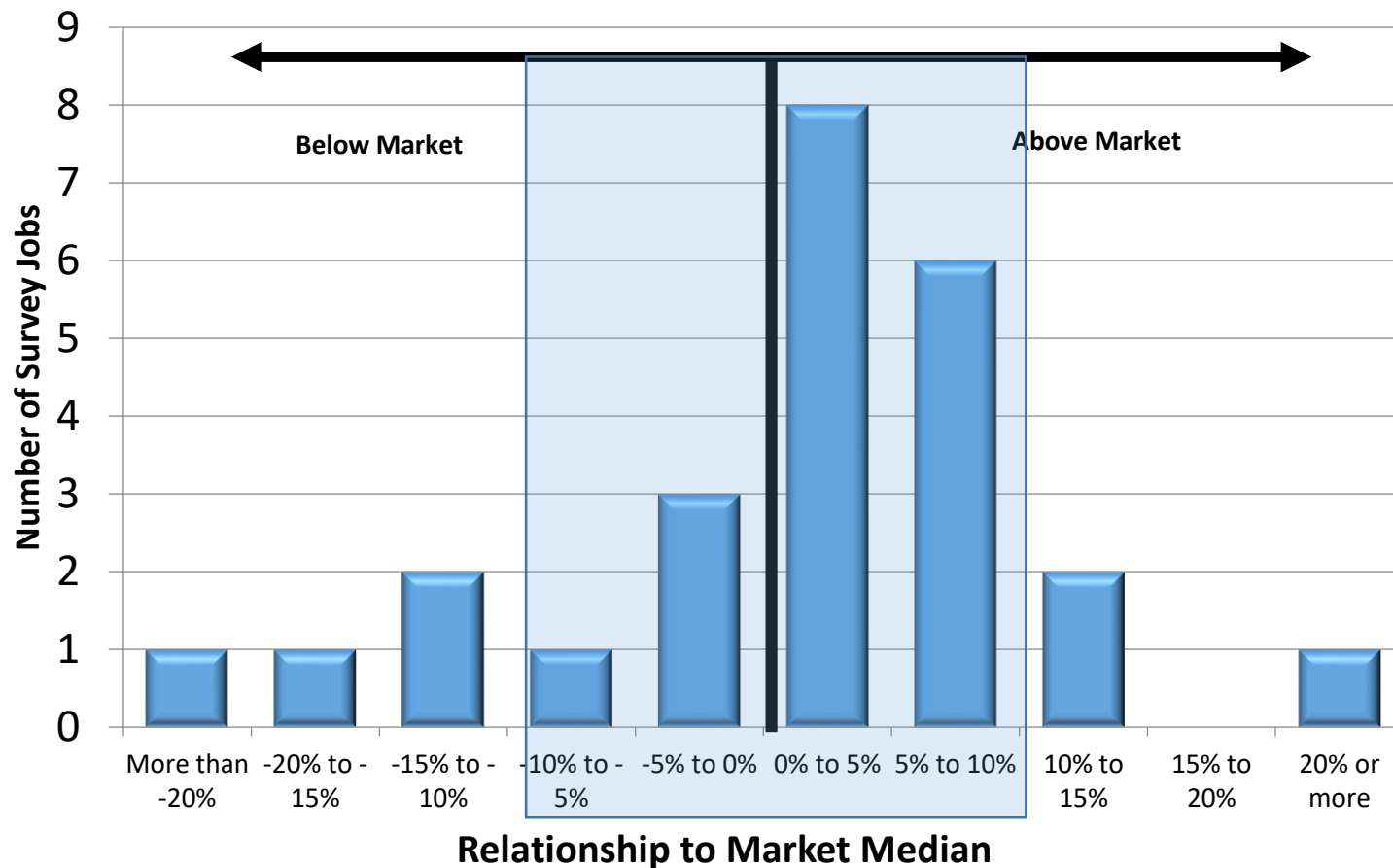
- Job matches only occur if a position exists and is allocated in the budget (and staffed). Some agencies may have legacy job descriptions or titles in their salary schedules that are not used.
- Job matches are based on a review of major and essential job duties along with a comparison of qualifications. Significant differences can result in no comparable job being matched. Examples of differences include:
 - Mismatches in qualification requirements such as requiring specific certifications or a four-year degree
 - Different organization structures such as layers of supervisory and management and broader responsibilities (i.e. a supervisor over parks maintenance vs. a supervisor over parks, fleet, streets, and utilities maintenance)
 - Position allocations that demonstrate working versus advanced levels
- Factors not considered in matching jobs:
 - Staffing, equipment, facility, and resource differences that don't impact required skills and abilities
 - Job functions performed within a broad classification that is used in many assignments (i.e. a Maintenance Worker class that is assigned to both parks and facilities maintenance)
 - Job classifications performing the same duties but in a different department
 - Employee performance or unique qualifications that are beyond what is required

Scope of Data Collection

The compensation survey included the collection and analysis of base salary and benefit data to understand how the City's total compensation compares with labor market practices. Elements included in the survey include:

- Base Salary
 - Range maximum (control point of range)
- Cash Benefits
 - Employer Paid Member Contribution (EPMC)
 - Longevity
 - Deferred Comp.
 - Employee Contribution to Employer Retirement Rate (net impact)
- Insurance Benefits
 - Health
 - Dental
 - Vision
- Employer Retirement *
 - Employer Contribution
 - Retirement Formula
 - Other Retirement (such as PARS)
 - Retiree Health

Market Summary – Median; All Jobs



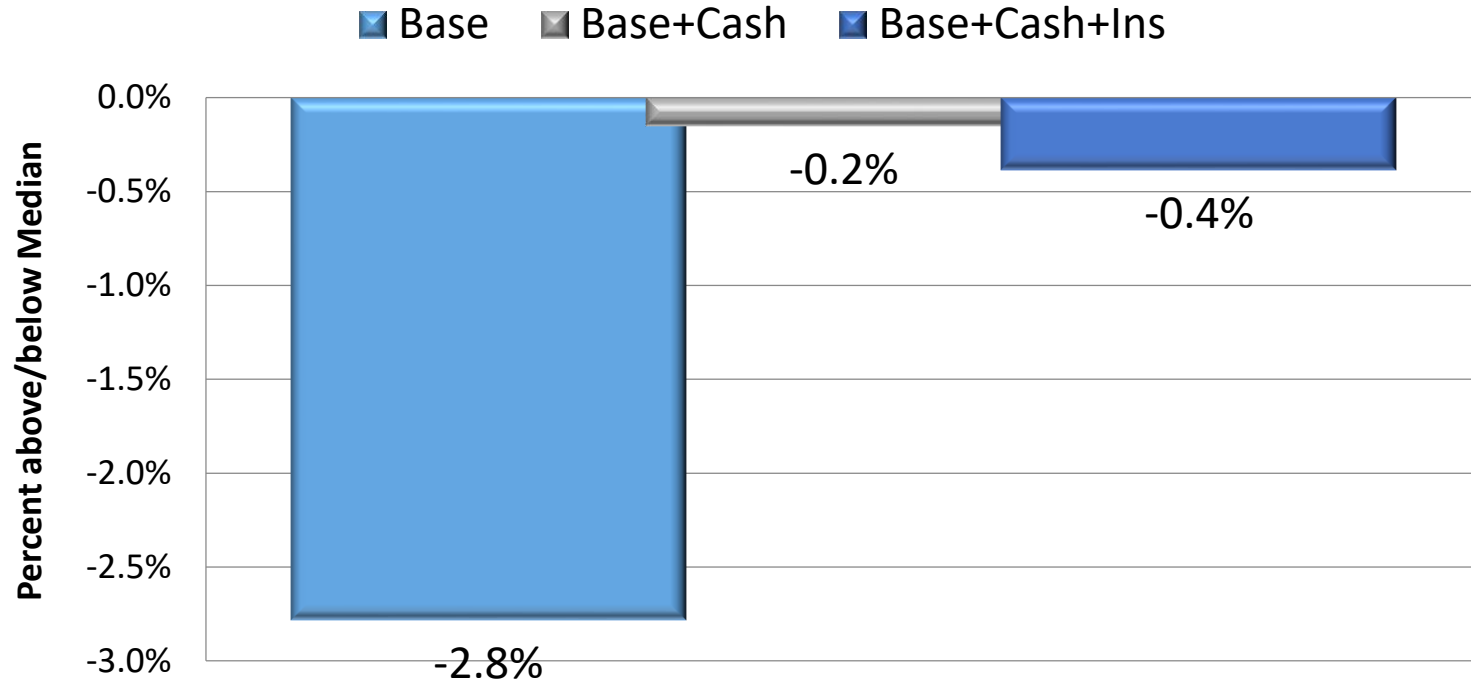
Strongest trend of the survey jobs
should be in shaded region

Survey Findings – Base Salary

- While the overall survey results for all employee groups show a strong central trend (bell curve), there are a large number of jobs that are more than 5% below and 5% above market.
 - 30% of the survey jobs are more than 5% below median
 - 11% of the survey jobs are more than 5% above median
 - 59% of the survey jobs are within 5% of median
 - Overall, the City is at the market 47th percentile
- In order to implement the survey results, there are almost as many jobs that would require a salary range decrease as there are jobs that require a salary range increase.
- The above summaries are for raw data. The data for some jobs may not be statistically reliable for use in setting salaries. While statistics are shown for all jobs where at least three job matches were found, this does not mean the data should be used for setting salary ranges in all instances. There may also be internal relationship alignments that have priority over market relationships due to the unique services and structures of the City.

The base salary analysis does not take into consideration gains or losses in market position that may result from benefits that are better or worse than market practices. These are presented later and should be considered as part of the salary setting process if significant benefit impacts exist.

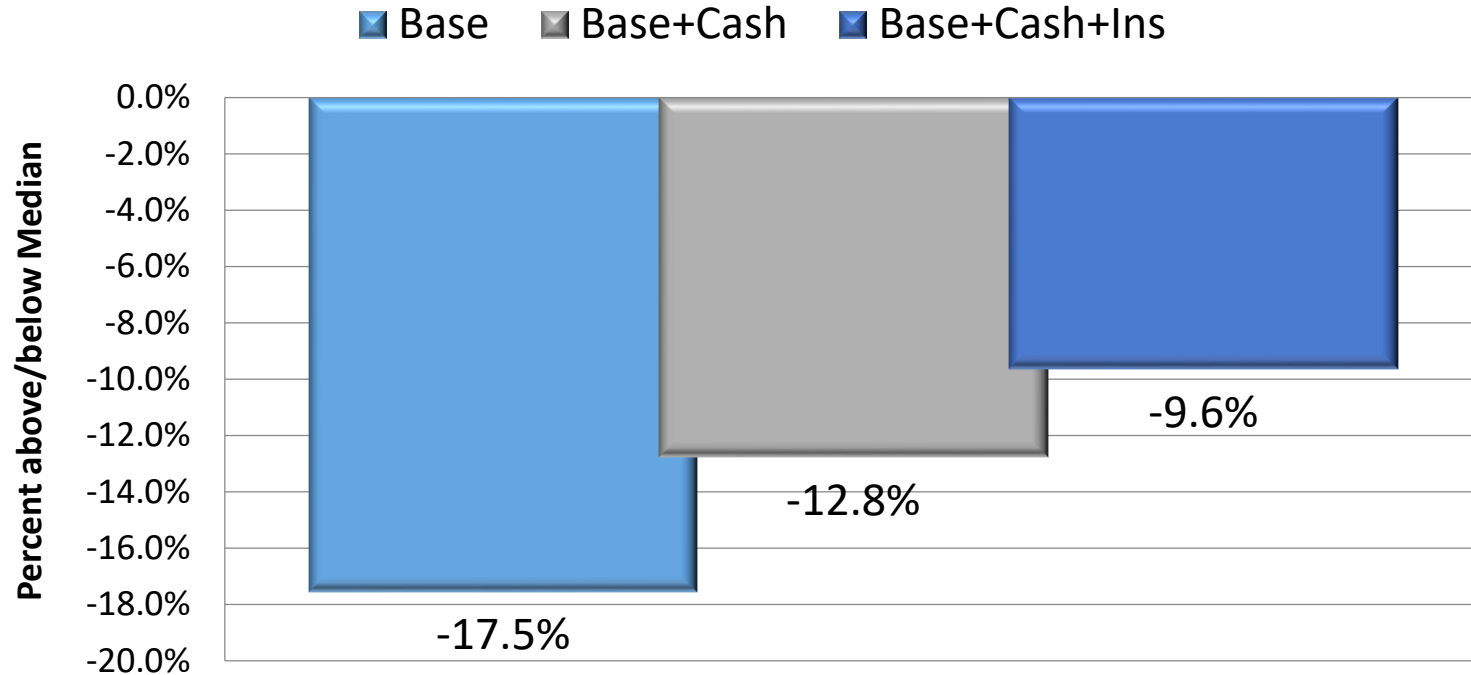
Benefits Survey Summary; All Jobs



Benefits analysis based on snap-shot trends of major benefit categories

- When base salary ranges are compared, the City is 2.8% below median overall
- When cash benefits are added to base salary and the cumulative totals analyzed, the City is 0.2% below market median. This means the City's cash benefits are slightly higher than market, but not significantly so (differences of less than 3% are not significant)
- When insurance benefits are cumulatively added to base and cash benefits, the City is 0.4% below the market median which is an insignificant change.
- Overall, the City's benefits are consistent and competitive with the labor market.

Benefits Survey Summary; POA



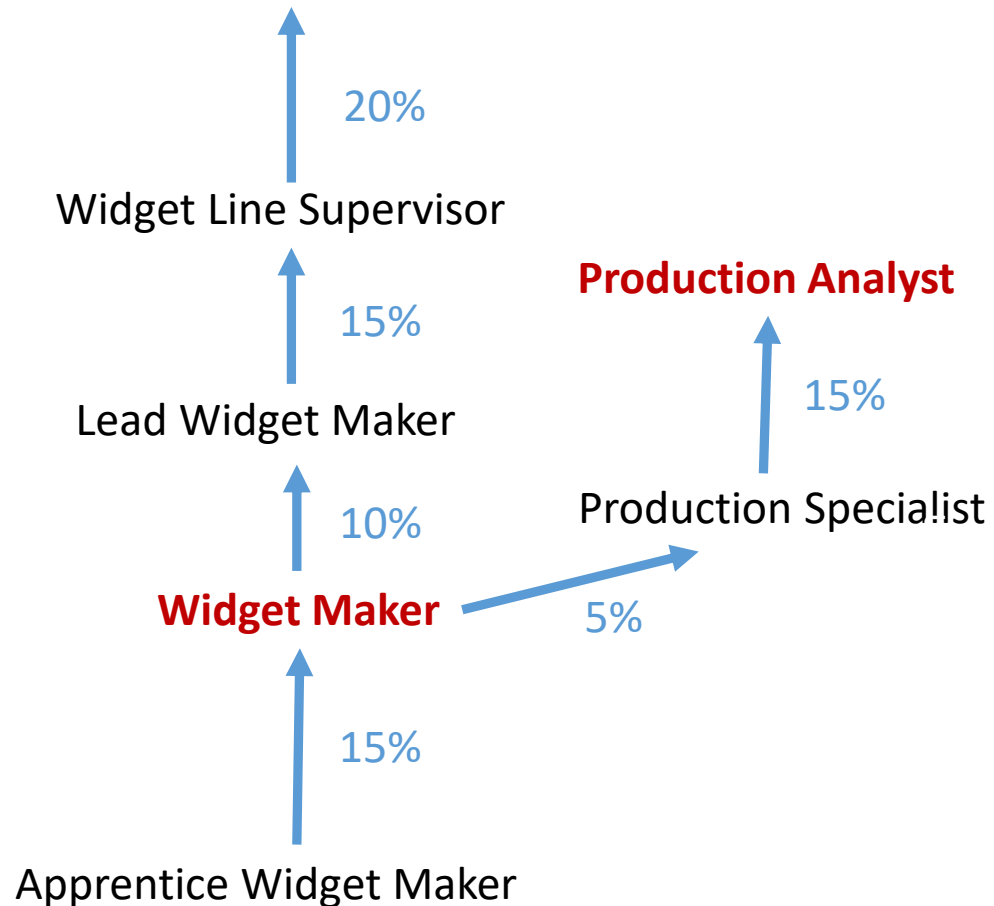
Benefits analysis based on snap-shot trends of major benefit categories

- When base salary ranges are compared, the City's POA jobs are 17.5% below median overall
- When cash benefits are added to base salary and the cumulative totals analyzed, the POA jobs are 12.8% below market median. This means the City's cash benefits are significantly higher than market (Longevity Pay, Education Incentives)
- When insurance benefits are cumulatively added to base and cash benefits, the City is 9.6% below the market median which is a change of 3.1%.
- Overall, the City's POA benefits significantly better than the labor market with a 7.9% gain in market position.

Benchmarking - Example

- Establish market benchmarks
 - Best job matches
 - High number of comparables
 - Best data statistically
- Analyze internal relationship
- Establish % differentials
- Result: salary range adjustments

Widget Production Manager



Salary Range Recommendations

- Benchmark positions tied to market median
 - Not all jobs need market ties
- Internal relationships
 - Assessment of differences and similarities in duties, role, responsibilities, qualifications, and resources
 - 5% difference between jobs when minor differences exist
 - 10% between classes in a series where moderate differences exist
 - 15% - 20% minimum over subordinates and between job classes with significant differences
- Adjustments to pay range, not employee salary
- Salary placements are rounded into the City's pay range table which will result in salary changes that are slightly higher or lower range changes
- Internal salary alignments for internal equity where important
 - Some market relationships may be ignored due to internal ties and better market benchmarks

Cost Implementation Options

- Full Cost Implementation
 - Employee salaries are increased the full range change at the time of implementation
 - **Example** – Range increases 10.5%; employee salary increases 10.5%
- Nearest Dollar Implementation
 - Employee is “rounded” into nearest higher step in new adjusted range
 - **Example** – Range increases 10.5%; employee salary increases year one by 0.3% (cost of rounding to nearest new step). Employee now eligible for two future step increase that otherwise wouldn’t exist in current range.
 - Low first year cost, higher cost for future step increases
- Fixed Multi-Year Implementation
 - Range increases are divided by the number of years desired for implementation
 - **Example** – Range increases 10.5%; employee salary increases by 3.5% year 1, 3.5% year 2, and 3.5% year 3

