



## **STAFF REPORT TO THE CITY COUNCIL**

DATE: Regular meeting of October 13, 2020

TO: Members of the City Council

SUBMITTED BY: David Biggs, City Manager  
Lori Martin, Administrative Services Director/City Clerk

SUBJECT: ADOPTION OF CLASSIFICATION AND COMPENSATION STUDY

RECOMMENDED ACTION: Staff recommends the City Council:

1. Approve updated job descriptions as listed in Attachment 1;
2. Approve the Recommended Changes to the Classification Plan in Attachment 2;
3. Approve salary range increases as follows: Recreation Manager 5.3% based on market data and City policy;
4. Approve reclassification to best meet operational needs: Community Development Specialist 5%, and Associate Engineer (new classification) 5%;
5. Approve freezing or "Y-rating" the salary range for the classification of Maintenance Worker II based on market data and City policy;

### RECOMMENDED ACTIONS TAKEN PRIOR TO ADOPTION OF THE CLASSIFICATION & COMPENSATION STUDY:

1. Hercules City Council authorized the reclassification of the Cable/Communications Technician to Information Systems Specialist and approved the new salary range at the October 8, 2019 City Council meeting.
2. Hercules City Council approved new salary ranges for Part-time employees starting 12/29/2019 in order to meet the new State mandated minimum wage requirements at the December 10, 2019 meeting;
3. Hercules City Council authorized the reclassification of Planning Director to Community Development Director at the March 10, 2020 City Council meeting. This was a title change only as there was no change to the salary range which remained at Grade 056.

FISCAL IMPACT OF RECOMMENDATION: The estimated costs to implement the Class & Comp Study on the basis described in this report are:

Element	# of Impacted Positions	Cost
Salary Range Increase	1 full-time staff	\$ 7,141 annually
Reclassification	2 full-time staff	\$ 12,045 annually
Minimum Wage Adjustments	38 Part Time Classifications	\$36,988 annually (for FY Year 2020-21)
	TOTAL ANNUAL COST	\$56,174

Staff has anticipated costs resulting from this Study and allocated sufficient funds originally in FY 2018-2019 to implement findings from the Classification and Compensation Study with the City Council also providing for an allocation to address a possible accelerated minimum wage increase as follow:

DP 19-4 Comprehensive Class & Comp Study Implementation (Compensation Component): \$60,000 on-going.

This amount has been carried over into the FY 20-21 budget.

The Teamsters Local 315 and the City met on September 23, 2020 and agreed on terms for a FY 20-21 Memorandum of Understanding with the full time and part time employees which included an agreement on implementation of the Classification and Compensation Study dated November 22, 2020.

The City and Teamsters met to discuss implementation of the Classification and Compensation Study and both parties agreed to the following implementation:

- Maintenance Worker II classification was 2.9% above the market benchmark range. The Teamsters and City have agreed to implement this salary adjustment in the FY 2020-21 MOU by applying 2.0% of the 3.0% COLA to the employees in this classification with 1.0% of the 3.0% COLA to be applied to the 2.9% salary adjustment. If a COLA is available in future MOU agreements, the employees in the Maintenance Worker II classification will receive the first 2% of any COLA with the difference, if any, applied to the remaining 2.9% salary adjustment, unless a different strategy is negotiated and approved in a future MOU agreement.
- Change Engineering Series to: Assistant Engineer / Associate Engineer / Associate Civil Engineer.

- Reclassify Assistant Engineer to Associate Engineer
- Reclassify Permit Technician to Community Development Specialist.
- Change Senior Clerk I to Senior Clerk
- Modify the Parks and Recreation Children's Program Leader series to Recreation Leader I/II and Recreation Leader III and modify Children's Program Aide to Recreation Aide.
- Adjust salary schedule for mandated minimum wage increases.

DISCUSSION: The City retained Ralph Andersen & Associates to conduct a Classification & Compensation study for non-sworn classifications across the City. A comprehensive report prepared by Ralph Andersen & Associates is included as Attachment 1.

The purpose of this comprehensive review of the City's classification and compensation systems is to adapt the City's systems to changes in work, identify areas of efficiency in City operations, ensure the City's job descriptions accurately classify work, and analyze compensation in relation to external market and internal alignment.

Over time, the operational needs of the City change, and job descriptions should be modified to incorporate new objectives, methods and any new legal requirements. As an example, in the Parks & Recreation Department, the job family of Recreation Leader has been updated and broadened to cover positions working in the City's Preschool program. By merging seven classifications into three classifications, the City will have greater flexibility for scheduling and coverage, and improve efficiency in the classification and compensation systems. Taking all of the changes into account of adding and deleting classifications, this Study provides updated and improved job descriptions for 38 classifications throughout the City.

The majority of classifications will not see any change except for a newly updated job description. Four classifications will receive title changes only (Senior Clerk, Human Resources Administrator, Community Development Director and Public Works Director/City Engineer).

### Compensation

Typically compensation in the public sector is considered in the context of factors including external equity (market data), internal equity, and ability to pay. This Study compiled market data for some, but not all, of the City classifications. Those surveyed are considered benchmark classes, which are easily comparable in the marketplace. Other City classifications are compared to the benchmarks through internal alignment. The survey agencies used in the study were Albany, Benicia, Brentwood, El Cerrito, Martinez, Novato, Pinole, Pleasant Hill, San Bruno and San Pablo. To provide the best comparison to the market agencies, the City of Hercules compensation data was converted to a 40-hour work week basis as well as 3 other survey agencies that worked a less than 40 hour workweek so that all of the agencies were compared on a 40 hour work week basis. This Study collected data on salary and benefits for a total compensation evaluation, which demonstrates the City is positioned nearly at market in both salary and benefits. One classification was measurably below the market and one classification was above the market. Staff recommends salary adjustment for those specific classifications as described below.

City staff recommend that we strive to be at the median, and set our market benchmark range to be 10% above and below the median data point collected in this Study. This benchmark range allows us to apply a general market standard, and address the outliers. Using this approach, any position which falls between 90% and 110% of median would not be adjusted. Classifications where pay is more than 10% above the median are recommended to be “Y-rated” until the market catches up. Only one classification fell into this category; Maintenance Worker II. This classification was found to be 2.9% above benchmark, or 12.9% above the median data point. It is recommended this salary range be frozen, or “Y-rated” until the market increases to this level. If the City provides a Cost of Living increase in the future, the first 2.0% of the COLA will go to the employees in the Maintenance Worker II classification with the remainder if any to be applied toward the 2.9% salary adjustment. Thereafter, the classification will be eligible to receive future COLA increases. The Teamsters and City have agreed upon an implementation strategy to address the 2.9% salary adjustment which is identified above.

One classification was determined to be below the benchmark. The Recreation Manager is 5.3% below the benchmark, or 15.3% below the median data point. The recommendation to bring this classification salary range up to market will cost approximately \$7,141 for the full FY 2020-21.

### Reclassification

In the course of this Study, several classification changes are recommended to better meet operational needs.

Two City staff are recommended to move into higher classifications. In the first case, the existing Engineering series of Associate Engineer and Assistant Engineer, will see a third new classification of Associate Civil Engineer added as the top step in the series. The current incumbent is recommended to be reclassified from Assistant Engineer to Associate Engineer based on increased knowledge, skills and abilities during his tenure here. The Assistant Engineer position will be considered entry level for a recent engineering graduate without much work experience. The Associate Engineer position requires relevant City experience and typically the incumbent will be in the process of obtaining license as a Professional Engineer (PE). The Associate Civil Engineer position will require the PE license.

The second reclassification will move the Permit Technician to a Community Development Specialist. The Planning Department is converting to Community Development Department to recognize the broader scope of building and other related duties. The Permit Technician will move to Community Development Specialist at a salary range of 5% higher, as additional duties have been assigned to this position to support the Community Development Director.

At the October 8, 2019 City Council meeting, the Council considered and approved the recommendation from this Study for reclassification within the Information Systems job family to allow staff to move forward with filling the Information Systems Specialist position immediately, given an unexpected vacancy and based on urgent workload needs.

Another proposed change addresses instances in which the City Manager designates a Department Head to serve as an Acting City Manager for a specific period of time in his absence. A new classification for each Department Head/ACM is incorporated in the Classification Plan and will be assigned for the specific period of Acting duties, with a 5% increase, to recognize the additional duties and responsibilities taken on by the Department Head.

#### State Minimum Wage Increases

California legislation SB 3, adopted in 2016, implemented an increase to the State-wide minimum wage in a phased-in approach. Effective January 1, 2020 the minimum wage rate will be \$13 per hour, in January 2021 it increases to \$14 and effective January 2022 the minimum wage will be \$15 per hour.

Consultant Ralph Andersen & Associates ran several scenarios to evaluate options for setting the part-time ranges to meet the legal requirement. The scenario that best meets the needs of the City sets the minimum pay at the legal requirement, adjusts the rest of the part-time pay grades to maintain a 3% differential between each grade, and factors in the COLA's provided since the study was completed, and eliminates unused pay grades. The 2021 minimum wage increase is accomplished by applying the 2020 3% COLA to the pay schedules and eliminating the unused PT 2 and PT 3 grades, and renumbering those coming after. A similar approach will be utilized for the 2022 minimum wage increase to \$15.00 after the 2021/22 COLA is known, if any. The cost for the City to increase the Part-time salary table to meet this phased-in approach is approximately \$22,958 in Calendar Year 2020. The cost increases to \$36,988 in Fiscal Year 2021, and is expected to add \$39,025 in Calendar Year 2022. Over the next three calendar years the City would expect to pay additional part-time salaries in the amount of \$98,971 to meet the legal requirement for Minimum Wage.

City Council requested staff evaluate the costs of implementing the increased minimum wage in an accelerated process to reach the \$15 per hour sooner than 2022. Based on the Consultant's model, the costs to accelerate will add approximately \$39,848 or 41% over the cost to implement the legal requirement.

Staff recommends the City Council authorize the phased-in approach as required by State Law. Many part-time employees will see measurable increases in each of the three years. In the accelerated approach, some part-time employees would experience increases of 12%-15%.

#### Summary and Recommendations for Action:

This comprehensive Classification and Compensation Study provides a picture of the City's competitiveness in relation to the market at a specific point in time. Generally speaking, City classifications are within a reasonable proximity to the market median. For those classifications that are outliers on either side, staff recommends adjusting the defined ranges as appropriate. The study of 38 classifications provides a more efficient classification and compensation system, with greater flexibility for the City to meet service demands. The completion of this Study will

improve upward mobility to the extent possible given Hercules' size, and benefit the City's efforts in recruitment and retention.

ATTACHMENTS:

1. Updated Job Descriptions
2. Ralph Andersen & Associates Report