

Issues and Updates

Personnel Service Costs

Compensation

Human Resources conducted a market analysis this fiscal year and the results demonstrated that overall the City's pay structure is lagging market by 3.41%. This is slightly higher than last year's estimate based on assumptions of 3.09%.

Effective July 1, 2018, the City will implement phase three of the market-based pay plan for the Fire 2912, regular 2080, skill-based pay and broad band pay plans. Employees will receive a minimum of a two percent (2%) increase, except when the two percent (2%) will exceed the maximum of the range. In addition, temporary employee hourly rates will be increased by two percent (2%) unless the hourly rate is already adjusted due to minimum wage and/or the market-based pay plan phase three implementation. In addition, employees in the Police Pay Plan will receive a three percent (3%) merit increase on the employee's anniversary date. This additional compensation was recommended by City Council during the April Budget Retreat discussions as a measure to combat the turnover within commissioned police positions.

Hazardous assignment pay is paid to employees who perform demanding duties or duties with an unusual degree of responsibility, a heightened level of physical risk that is above the normal for the job and where additional certification and/or continuing education is needed that is above and beyond the minimum requirements for the position. Assignment pay, and paramedic pay will not be adjusted.

The total amount of compensation is approximately \$37.1 million in the General Fund.

Benefits

Fiscal year 2019 begins the twenty-sixth year the City has participated in the joint purchase of health insurance through the Northern Arizona Public Employees Benefit Trust (NAPEBT). The NAPEBT trust includes four voting members: Coconino County, Flagstaff Unified School District, Coconino Community College and the City of Flagstaff and two non-voting members: Northern Arizona Intergovernmental Public Transportation Authority (NAIPTA) and the Accommodation School.

Beginning in FY 2019 NAPEBT has added an Employee Assistance Program (EAP) to the benefit offering purchased through the consortium. The EAP will include six free counseling sessions to each benefit eligible employee and each NAPEBT employer can purchase additional program offerings.

NAPEBT continues to fund a wellness program to improve employee wellness and control health care costs. NAPEBT offers a wellness program including fitness and nutrition classes, wellness challenges, wellness week for employees to focus on wellness related education and activities with their co-workers, an annual awards banquet and health fair. In FY 2017 NAPEBT added a near site wellness clinic where employees may receive primary care, health coaching, physical therapy and sick care services for free or pay the fair market value if the employee participates in the high deductible health plan. Employees can receive flu shots, mammography and prostate exams and wellness screenings free of charge. The Wellness Incentive Program will change in fiscal year 2019 from three levels to two levels.

Level 1: The employee earns twelve (12) points worth a \$240 per year discount on medical insurance premiums by having an annual medical exam (or earning points in a variety of other ways).

Level 2: The employee completes an additional twelve (12) points for a total of twenty-four (24) points worth an additional \$120 cash incentive. The cash incentive may be paid as compensation or deferred into the employee's flexible spending account, health savings account or 457 deferred compensation account.

By completing both levels, the employee will earn the \$240 medical premium discount and \$120 cash incentive.

The overall premium increase projected for health insurance was 7.5% and 9% to 11% for prescription drugs based on national trend. The trustees voted to pass on an increase of 9.5%. There are also some plan design changes including an increase to prescription drug co-pay from \$5.00 to \$8.00, medical out of pocket maximums will increase by \$500 and the co-pay to the emergency room will increase after the 3rd visit. In addition, NAPEBT added benefits for alternative medicine, hearing aids and telemedicine. The overall increase for healthcare costs is approximately \$339,800 in the General Fund.

The funding in FY 2019 included increasing the employee premium for employee only coverage by \$49.50 for an employee that does not receive a wellness incentive discount in the Base Plan. The City's employer contribution will increase by \$10.00 per month for all plans. The City is increasing the employer contribution by \$83.00 per month for family coverage to maintain paying 62% toward family coverage for the Base Plan. The City will pay the full premium for employees participating in the HDHP and provide a \$398 per month dependent subsidy. If an employee does not participate in the Wellness Incentive Program and has not authorized a payroll deduction, the employee will be defaulted into the high deductible health plan (HDHP) and there will be no contribution to the health savings account (HSA) or flexible spending account (FSA). The dependent subsidy was reduced effective July 1, 2009 by \$60.00 per month and this will continue during fiscal year 2019. The total budget for employee only health insurance is \$5.1 million. The total cost of the dependent subsidy to the City is \$1.3 million.

NAPEBT will continue to allow an opt-out provision for employees with proof of group health insurance outside of the trust. City employees who do not elect dependent health insurance coverage normally receive \$60.00 per month in deferred compensation, but this benefit was suspended beginning July 1, 2009 and will continue through FY 2019.

The dental insurance premiums will increase 7% for FY 2019. The City pays 100% of employee coverage and employees pay 100% for dependent coverage. The plan design will change to allow dependents to remain on the dental plan up to the age of twenty-six (26) regardless of student status. The cost to all funds is approximately \$329,500.

The premiums for vision insurance benefits will not change in FY 2019. The City provides a basic vision benefit for the employee and dependents. The employee has a buy up option for employee and dependent coverage. The cost to all funds is approximately \$13,900.

The City provides a basic life and accidental death and dismemberment benefit in the amount of one times the employee's annual salary to a maximum of \$150,000. The cost of this benefit is approximately \$109,000.

The City is anticipating an 8% increase for Police Public Safety Personnel Retirement System (PSPRS) and 12% for Fire PSPRS for a total cost of approximately \$10.5 million. The cost of Arizona State Retirement System (ASRS) will increase by 3% for a total of approximately \$4.1 million. The Elected Official Retirement Plan (EORP) is increasing by 162% for a cost of approximately \$107,900.

Supplemental Benefits

The City provides supplemental benefits to employees such as repetitive motion therapy (RMT).

The City provides a RMT benefit to all employees. The RMT sessions are for those employees who have previous, current or are susceptible to a repetitive motion injury. Thus, priority for appointments is given in the following order.

- All employees with current workman's compensation claims or claims closed for less than one year have priority when scheduling an appointment. However, employees with current workman's compensation claims who do not follow their prescribed course of treatments will not have priority when scheduling an appointment.
- All other employees who are susceptible to a repetitive motion therapy are eligible for one therapy session per week.

The total amount budgeted for repetitive motion therapy was reduced to \$12,000 in FY 2011 and this will continue to be the budgeted amount this fiscal year.

Voluntary Benefits

The City offers three voluntary benefits for the employee. These benefits include supplemental life insurance, short term disability and long-term disability. There is no direct cost to the City for offering these voluntary benefits, but the City does utilize City resources for administration purposes.

Employees may purchase additional life insurance at their own expense through payroll deductions. The cost of coverage is age rated and there is a guaranteed maximum amount of \$150,000. Coverage is also available for eligible dependents.

Short term disability is available to all employees and long-term disability is available to commissioned employees since it is not part of the Public Safety Personnel Retirement System. This is also an age rated benefit with a weekly maximum of \$1,150 for short term and monthly maximum of \$5,000 for long term.

Classification

Maintenance of the job classification system is an ongoing process to ensure that job classifications accurately reflect the responsibilities and tasks being performed by City employees. If a division director believes that an employee(s) is functioning out of class on a regular basis, or that job responsibilities have changed sufficiently, a request may be made for the Human Resources division to conduct a review. The Human Resources division then conducts an audit and evaluates the request utilizing an external market comparison and then the decision band method for internal comparison.

If the audit and analysis indicate an adjustment needs to be made, Human Resources procedures allow for four types of changes.

1. **Reclassification** - An individual(s) within a classification is evaluated regarding moving that person(s) from others in the same classification to a higher (or lower) classification. Some instances may include a title change.
2. **Retitle** - A job title is evaluated regarding changing the job title only. This does not affect pay.
3. **Rezone** – An individual within a broadband may be move to a higher-level zone within the broadband based on the employee's performance.

The audit can also show that the position is properly classified and/or titled and that no changes are needed.

Requests may be made during the budget process or any time during the fiscal year, if the division has ongoing funding available. Human Resources received twenty-three (23) reclassification, sixty-one (61) rezone and three (3) retitle requests throughout the fiscal year. The following requests have been approved between July 1, 2017 and June 30, 2018.

Reclassifications/Reranges				
Old Job Title	Old Range	New Job Title	New Range	No. of Employees Impacted
IT Administrator	113	IT Administrator - Coordinating	115	1
Water Treatment Manager	114	Water Treatment Manager	115	1
Water Production Manager	114	Water Production Manager	115	1
Administrative Assistant Legal	B11-B13	Administrative Specialist Legal	B21-B23	3
Payroll Manager	113	Payroll Manager	114	1
Assistant to the City Manager	114	Assistant to the City Manager	115	1
Fire Battalion Chief (40)	215	Deputy Fire Chief	218	1
IT Technician - GIS	6	IT Analyst - GIS	112	1
Volunteer and Event Coordinator	4	Volunteer and Event Coordinator	8	1
Senior Assistant City Attorney	BD1-BD3	Senior Assistant City Attorney	BD1-BD3	4
Deputy City Attorney	18	Deputy City Attorney	19	1
Library Manager	113	Deputy Library Director	115	2
Administrative Specialist	B21-B23	Executive Assistant - Coordinating	110	1
Multi-Skilled Worker	Step 7	Water Services Supervisor	BB1-BB3	1
Administrative Specialist	B21-B23	Customer Service Supervisor	110	1

Rezones			
Job Title	Old Zone	New Zone	No. of Employees Impacted
Accountant	1	2	2
Accountant	2	3	1
Administrative Specialist	1	2	5
Airport Operations/ARFF Specialist	1	2	1
Division Director	1	2	2
Division Director	2	3	1
Equipment Operator	1	2	10
Equipment Operator	2	3	2
Library Specialist	1	2	6
Library Specialist	2	3	2
Maintenance Worker	1	2	9
Maintenance Worker	2	3	4
Planning and Development Manager	1	2	1
Project Manager	1	2	1
Project Manager	2	3	2
Recreation Program Coordinator	1	2	1
Recreation Program Coordinator	2	3	4
Recreation Supervisor	1	2	1
Recreation Supervisor	2	3	1
Sr. Assistant City Attorney	2	3	1
Water Services Supervisor	1	2	4

New Positions and Changes			
Title	Range	FTE	Additional Info
IT Intern	Temp	(.32)	
Administrative Assistant – Court	B11-B13	0.00	Approved ongoing from one-time
Collections Specialist – Court	8	0.00	Extended contract one-time for one year
Magistrate	B-91-B93	1.00	One-time for two years, offset by Pro-Tem
Magistrate Pro-Tem		(.80)	
Contract Specialist	9	0.00	Approved ongoing from one-time
Firefighter Paramedic Pay	N/A	0.00	Add 3.00 paramedic pay assignments
CART Paramedic – Civilian		(1.00)	Reclassified position to overtime
Deputy Fire Chief	18	2.00	Offset by Fire Battalion Chief
Fire Battalion Chief	15	(1.00)	
Fire EMT		(1.00)	Reclassified position to overtime
Regional Training Coordinator	112	0.00	Extended contract one-time for one year
Police Aide	6	3.00	One-time for two years
Police Officer	PT9	0.00	General Fund funded vs grant funded
Project Manager - Engineering	B51-B53	1.00	Contingent on FMPO
Project Manager - Capital	B51-B53	0.00	Extended one-time contingent on Courthouse
Building Permit Technician	TBD	1.00	Contingent on Outsourcing Reduction
Comprehensive Planning Intern	Temp	(.48)	
Administrative Assistant – Housing	Temp	0.00	Extended contract one-time for one year
Executive Director – FMPO	TBD	1.00	Contingent on FMPO funding
Recreation Temporary Staff	Temp	.96	Jay Lively and Siler Homes
Equipment Operator – Landfill	B81-B83	(2.00)	Reduction due to staffing requirements
Zero Waste Coordinator	7	1.00	One-time for one year
Open Space Specialist	10	0.00	Approved ongoing from one-time
Business Manager – Airport	TBD	1.00	Contingent on property sale
Parking Aide – Airport	4	1.00	Contingent on paid parking
Parking Aide – Downtown	4	2.00	
Library Clerk Temp – EFCL	805	(.30)	EFCL
Library Specialist	B61-B63	0.00	Approved ongoing .13 FTE from one-time
Communications Aide – Water Services	900	.23	19 hrs./week - Temporary
MSW Operations	SBP	1.00	
Seasonal – Water Production	Temp	.23	
MSW Technician	SBP	1.00	
	Total	10.52	

Turnover

The City's turnover rate for calendar year 2017 is 10.40%. This is 1.40% lower than the government rate according to the Bureau of Labor Statistics.

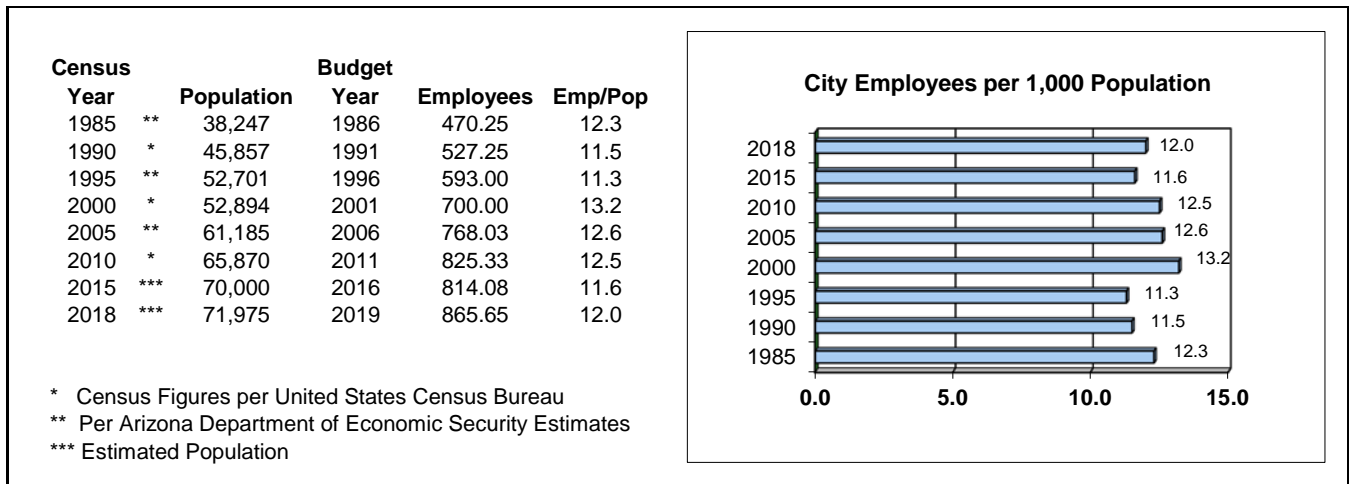
Position Additions/Deletions

The City has planned for a total net increase of 10.52 full-time equivalents across all funds for FY 2019. A review of the Authorized Personnel/Positions Summary (see Appendix A), will provide all details of this increase including staffing request changes for reclassification requests and transfers of personnel between divisions for changing program needs.

The following graph illustrates the five-year historical staffing trend of the City by division.

	Fiscal Year				
	2015	2016	2017	2018	2019
General Administration	74.35	77.60	81.60	83.92	83.80
Management Services	38.25	39.75	45.00	45.00	45.00
Fire	87.00	88.00	89.00	95.00	94.00
Police	169.00	167.00	167.00	173.00	176.00
Community Development	81.86	82.46	83.66	89.14	91.66
Public Works	201.02	204.90	206.21	211.06	211.02
Economic Vitality	81.73	83.87	89.15	92.03	95.73
Utilities	68.50	70.50	72.50	76.50	78.96
	801.71	814.08	834.12	865.65	876.17

The following detail highlights the City's level of staffing in comparison to population.



City of Flagstaff
 Cost Allocation Plan
 For Fiscal Year 2019

Providing Sections	General Fund 001	Library Fund 030	Highway User Fund 040	Transportation Funds 041-046	Parking District Fund 061	Water and Wastewater Funds 202-204	Stormwater Fund 206	Solid Waste Fund 211	SEMS Fund 214	Airport Fund 221	Total	Charges to Other Funds
Building Depreciation	\$ 239,870	-	-	-	-	12,192	2,658	12,072	-	-	266,792	26,922
Equipment Depreciation	1,068,102	-	-	-	-	-	-	-	-	-	1,068,102	-
402 Non-Departmental	541,595	44,963	48,146	15,013	316	130,712	4,949	94,125	7,474	16,616	903,909	362,314
011 City Manager	874,873	82,619	63,357	-	-	138,762	8,425	102,204	13,383	24,428	1,308,051	433,178
011 City Clerk	250,140	14,837	11,650	2,166	714	29,107	1,619	20,558	4,191	3,551	338,533	88,393
014 Information Technology	830,805	-	56,526	-	-	477,131	26,828	87,668	5,269	32,461	1,516,688	685,883
015 City Attorney	561,765	45,223	48,977	67,292	344	137,184	5,440	96,215	8,299	16,751	987,490	425,725
012 Human Resources	525,532	60,891	36,728	-	4,799	80,378	6,598	58,784	9,597	10,029	793,336	267,804
013 Risk Management	127,944	12,794	10,002	1,834	622	24,701	1,395	17,618	2,071	3,042	202,023	74,079
032 Purchasing	210,980	6,249	7,525	110,498	3,545	105,470	20,018	29,461	14,354	16,365	524,465	313,485
034 Finance	908,457	85,857	52,972	43,352	418	142,908	9,714	89,606	23,503	77,575	1,434,362	525,905
033 Revenue - Licensing and Collections	210,725	7,553	-	166,163	-	55,895	-	48,342	7,553	3,988	500,219	289,494
033 Revenue - Customer Service	61,954	1,953	2,115	729	15	873,196	28,180	242,087	17,217	21,926	1,249,372	1,187,418
151 Public Works	60,411	-	17,426	9,346	-	-	-	-	12,753	31,785	131,721	71,310
152 Facility Maintenance	621,233	53,359	-	-	-	73,093	11,819	30,939	23,656	36,795	850,894	229,661
154 Fleet Management	77,153	4,035	122,524	-	-	12,648	78	156,853	106	5,297	378,694	301,541
101 Community Development	515,446	-	-	-	-	-	-	-	-	-	515,446	-
102 Engineering	1,456,063	-	521,088	-	-	-	-	-	-	-	1,977,151	521,088
201 Community Investment	50,369	4,055	4,391	1,513	31	12,300	488	8,627	744	1,502	84,020	33,651
401 Council and Commissions	203,179	9,866	10,635	3,757	70	36,223	1,415	24,523	4,406	5,548	299,622	96,443
Total Allocations	\$ 9,396,596	434,254	1,014,062	421,663	10,874	2,341,900	129,624	1,119,682	154,576	307,659	15,330,890	5,934,294
Divisions												
General Administration	\$ 3,171,059	216,364	227,240	71,292	6,479	887,263	50,305	383,047	42,810	90,262	5,146,121	1,975,062
Management Services	1,392,116	101,612	62,612	320,742	3,978	1,177,469	57,912	409,496	62,627	119,854	3,708,418	2,316,302
Community Development	1,971,509	-	521,088	-	-	-	-	-	-	-	2,492,597	521,088
Public Works	758,797	57,394	139,950	9,346	-	85,741	11,897	187,792	36,515	73,877	1,361,309	602,512
Economic Vitality	50,369	4,055	4,391	1,513	31	12,300	488	8,627	744	1,502	84,020	33,651
Non-Departmental	2,052,746	54,829	58,781	18,770	386	179,127	9,022	130,720	11,880	22,164	2,538,425	485,679
Total Allocations	\$ 9,396,596	434,254	1,014,062	421,663	10,874	2,341,900	129,624	1,119,682	154,576	307,659	15,330,890	5,934,294

Cost Allocation

The cost allocation plan has been developed utilizing a methodology that is in accordance with generally accepted accounting principles (GAAP). Incorporated within GAAP are three basic principles related to the allocation of central service support costs to operating departments that have been adhered to in the preparation of the cost allocation plan. First, costs should be necessary and reasonable for proper performance of a program. Second, costs should be charged or allocated to programs in accordance with relative benefits received. A program should only be charged for services it utilizes or benefits from, and should only be charged in relation to benefits derived from the service. Third, costs should be accorded consistent treatment as either direct or indirect. A cost should not be charged to a program as a direct cost if any other cost incurred for the same purpose in like circumstances have been allocated to the program as indirect costs. The methodology accommodates detailed analysis of all service areas through the provisions of a structure that identifies total costs (both direct and indirect) by activity and allocates/assigns costs to benefiting services utilizing a base that appropriately represents the level of benefit provided or derived from each activity by each service. The cost allocation is based on actual expenditures for the fiscal year ending June 30, 2017. The City utilized the services of a consultant to prepare this year's plan. The City also utilizes the cost allocation plan to calculate an indirect cost rate that is allowable in accordance with OMB A-87. The City will annually update the indirect cost rate based on actual expenditures, as required by OMB A-87.

Methodology

A multiple allocation base methodology has been utilized to prepare the cost allocation plan. This methodology acknowledges that the utilization of central administration and support (indirect) services by users varies by type of service. The cost of each indirect service or activity of a service is allocated to users based on an appropriate allocation base related to the service performed. For example, general accounting has been allocated to users based on total budgeted expenditures; accounts payable activities have been allocated on the number of accounts payable transactions processed during FY 2017; and human resources activities have been allocated on the number of budgeted full-time equivalent positions served.

In selecting an allocation base to be used, the objective has been to utilize a base for each service that is available and reasonably results in the allocation of a service to users based on the relative benefit they receive or derive. A list of the allocation basis is provided in the Appendix.

Fleet Management

To provide a comprehensive fleet management program dedicated to health, safety, resource conservation and fiscal responsibility in selecting and supplying the most efficient state of the art vehicles and equipment to support City divisions and employees in the delivery of municipal services.

Fleet Management consists of line workers and supervisors representing City divisions that are dedicated to developing and implementing policies and procedures for fleet operations. The committee is under leadership of the Public Works Section Head, Fleet Manager and the Sustainability Specialist and as directed by the fleet policies identified in the Municipal Sustainability Plan. Fleet Management coordinates and monitors the evaluation, replacement, purchasing, fuel usage and utilization of the City's fleet, maximizing vehicle and equipment life, retaining units if economically possible and replacing units that have met or exceeded useful life.

For a list of FY 2018 accomplishments and FY 2019 new initiatives and goals, please see the Division Detail section.

Fleet Management - Rolling Stock Fiscal Year 2019			
Division/Section	Amount	Division/Section	Amount
033 Revenue		053 Tourism	
Trucks - Meter Services (2)	\$ 62,000	Administration Vehicle	29,623
051 Fire		Total Tourism	29,623
Command Staff Vehicles (2)	40,000	304 Water Resource Management	
Type 6 Wildland Fire Suppression Vehicle	200,000	Water Conservation Vehicle	30,000
Refurbish Q3	51,750	313 Wastewater Collection	
Crew Cab Trucks (3)	150,000	Camera Van	300,000
061 Police		Total Water Services	330,000
Patrol Vehicles (5)	145,000	166 Solid Waste - Collections	
Police Administration Vehicle	27,000	Side Loader Truck - Trash Collection	300,000
104 Planning and Development		Side Loader Truck - Recycle Collection	300,000
Development Services Vehicle	27,000	Front Loader Truck - Trash Collection	300,000
155 Parks		Total Solid Waste	900,000
Trucks (2)	93,000	221 Airport Operations	
Utility Tractor	20,300	Rapid Response Fire Suppression Truck	152,550
Riding Mower	28,700	Total Airport	152,550
Total General Fund	844,750	Total Fleet Rolling Stock	\$ 3,351,923
161 Streets			
Street Sweeper (2)	600,000		
Dump/Plow Truck	255,000		
Tractor with Side Dump Trailer (2)	240,000		
Total Highway User Revenue Fund	1,095,000		

Information Technology

The mission of the Division of Information Technology (DoIT) is:

- To enable City staff to make informed decisions by providing:
 - The desktop, network, server, electronic storage and telephony infrastructure which enables access to the City's electronic data and geographical information;
 - Helpdesk services, software, hardware, system analysis, software development and product evaluation support services.
- To ensure that the City's server, network and telephony infrastructure and electronic data resources are protected through sound security and disaster recovery management methodologies.
- To provide and maintain an accurate, current, and reliable Geographic Information System (GIS) that efficiently manages City geospatial data, records and asset inventories, which can be leveraged to enable staff and citizens to make informed and effective decisions that affect the future of the City of Flagstaff.

The division of Information Technology supports all the City's other divisions except for the Library which has its own staff, the Police Department which is supported at the LEAF via an IGA with the County and the Courts which are mandated to be supported by the State. IT consists of fifteen (15) FTE's in the areas of Application support, Systems support, Network support, GIS support and the Information Technology Assistance Center (ITAC) helpdesk.

For a list of FY 2018 accomplishments and FY 2019 new initiatives and goals, please see the Division Detail section.

FY 2018 Updates

Public Safety Pension Plan and Funding

The cost of public safety pensions continues to escalate at a significant rate. In FY 2018, the City experienced a significant increase in pension contributions totaling \$1.9 million to a total contribution of \$9.3 million. This is a 25.6% increase. One of the main reasons for the significant increase in the contribution in FY 2018 is the repeal of portions of SB1609 which resulted in an overall larger actuarial liability due to permanent benefit increases (PBI). In FY 2019, the City is anticipating an additional \$1.2 million increase due mostly to changes in actuarial assumptions on rate of return, wage inflation and mortality rates. These significant increases have had a negative impact on the City's ability to fund other items within the General Fund budget. With the adoption of the FY 2018 and FY 2019 budgets, 100% of the increase in the pension contribution is funded with ongoing dollars in the General Fund.

Parking District

The City established a new special revenue fund to record the activities of the Parking District. The installation of parking meters was completed in September 2017 and the parking plan was in full operations in October of 2017. The first year of revenue (FY 2018) projected to be over \$800,000 with over \$1.3 million projected in collection in FY 2019. Of these funds, no less than twenty percent of the gross revenue is further reserved for increasing the supply of parking.

Business Accelerator Internal Loan

To assist in financing the construction of Innovation Mesa Business Accelerator and Secondary Emergency Operations Center, management agreed, and the City completed a revenue transfer of approximately \$2.7 million from the General Fund to the Capital Projects Fund for the accelerator project. The Economic Development Fund, which receives the lease proceeds from the leasing of space at the accelerator, will provide revenue transfers to the General Fund with a 1% interest rate and annual payments. The source of repayment will come from the Economic Development Fund through rents and BBB tax revenues. The first payment back to the General Fund occurred on June 30, 2018 for \$287,514, with annual payments on June 30th each year after until paid off. During the FY 2019 budget process, the Finance section reviewed the funding and has accelerated the loan pay off from 20 years to 8 years.

FY 2019 Issues

Compensation for All City Employees

One of Council's goals for FY 2019 is related to "Personnel" and the priority to "Attract and Retain Quality Staff". The City continues to address this goal and priority by moving the City's pay plans to Phase III of a market-based pay structure.

Background:

The City's pay plan has consistently been under market. In FY 2016, the City's overall pay plan was 5.19% below market. Rather than continuing to provide across the board market increases the City is using budget funding to strategically move the pay structure closer to what is found in the market. Using benchmark organizations and positions the City has created a pay structure based on a market comparison. This supports the City's structure in becoming more market competitive to attract and retain quality staff members.

The other key component to compensation is merit or pay for performance for current employees. The City has been unable to provide merit type increases to employees since FY 2014 due to the recession and limited ongoing resource availability.

Conclusion:

Council approved a budget that includes a three year plan for moving all of our positions into a market based pay structure. While some positions will receive a higher increase to bring them into the new market based pay structure, all employees who are eligible, including temporary personnel, will receive at least a 2% increase. Phase I of the three-year plan was completed in FY 2017 and Phase II was completed in FY 2018. Phase III of the pay plan was approved and funded to go into effect in FY 2019.

The City was unable to reinstitute merit or pay for performance type increases for all employees due to limited ongoing funds after increases in retirement contribution requirements, health insurance increases and other high priority requests. To reduce the rate of attrition and improve marketability of the City's commissioned Police staff, a three percent merit increase was approved for this specific class of employees.



