

Pay Structure Proposal



October 21, 2008

City of Tacoma

City Council Study Session

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Agenda

- Proposed pay structure
- Proposed management of new pay structure
- Compensation philosophy
- Next steps



Proposed Pay Structure

- For non-represented employees only
- Proposed transition in first quarter 2009
- Structure
 - What will it look like?
 - How will we transition?
 - How will we incorporate elements that emphasize performance & accountability, and provide flexibility for recruitment & retention?

Proposed Pay Structure (cont'd)

- What will it look like?
 - Use 6 steps for all non-represented classifications
 - Each step is a 5% increment (25% range)
 - Step 6 is at the 65th to 75th percentile of the market for the classification





Transition Principles

1. The current pay scale moves so that the top step is equal to pay at the 65th to 75th percentile of the market for that classification (target market pay)
2. Employees move to the *same relative position* in the market pay scale, up to a maximum 15% increase except where more is necessary to place an employee within the market pay range
3. In 2009, annual progressions occur as scheduled using existing guidelines

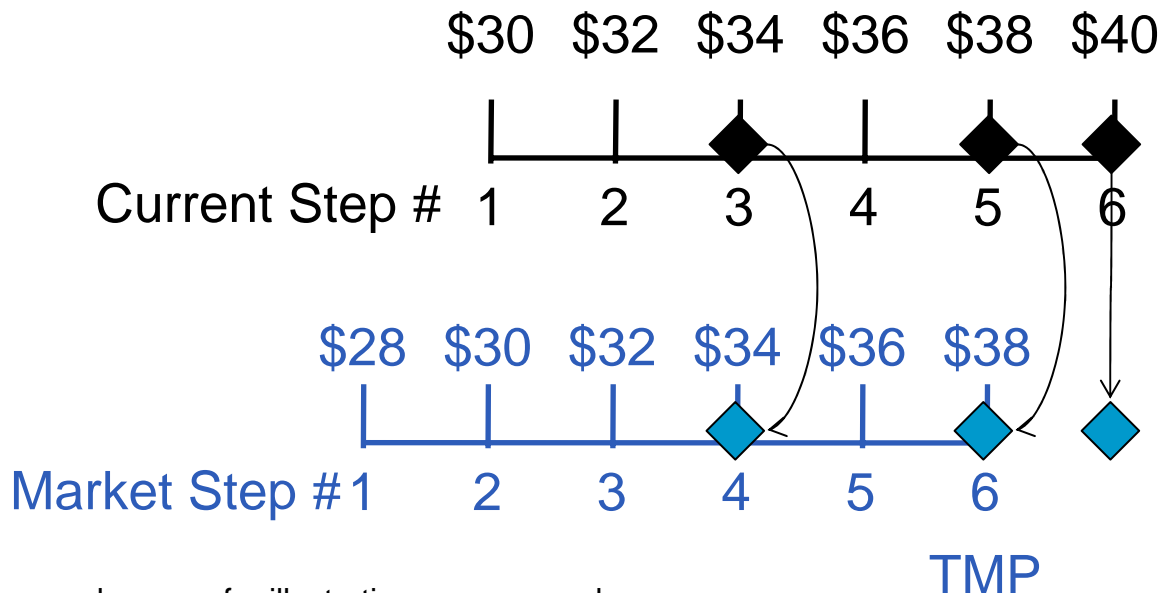


Transition Principles (cont'd)

4. The City Manager and Utilities Director have the ability to recommend specific individuals that require additional consideration for purposes of retention
 - City Manager/Utilities Director will submit documentation that justifies special consideration to the HR Director for final review and confirmation

Transition Examples

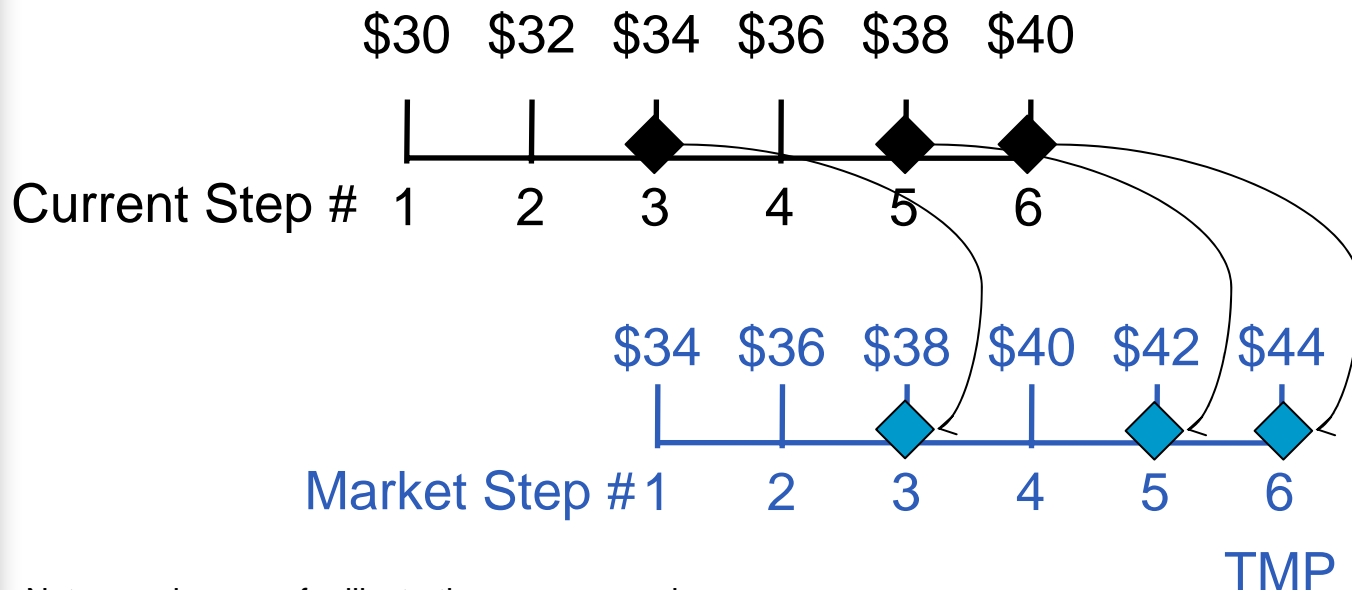
- Example 1: Target market pay (TMP) is less than current top step 6
 - Employees paid at current step 6 are frozen at \$40/hr until TMP reaches \$40/hr
 - Employees paid in current steps 1-5 receive no market adjustment; they are eligible for annual step increases in the new market pay scale



Note: numbers are for illustrative purposes only

Transition (cont'd)

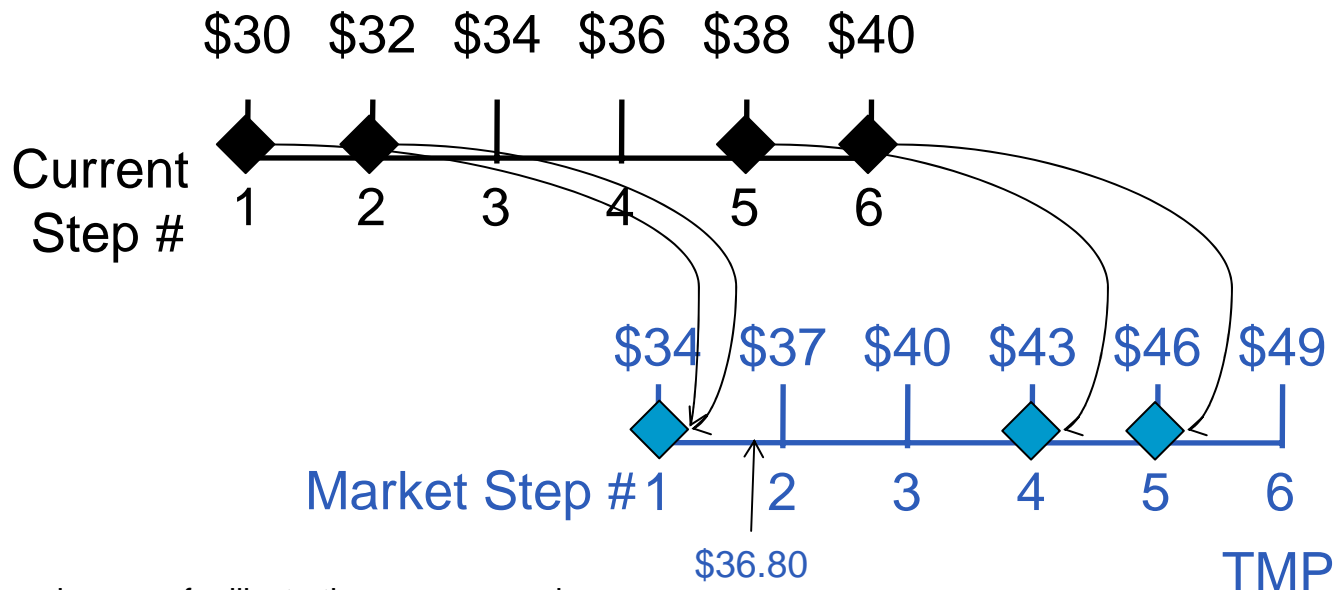
- Example 2: Target market pay (TMP) is greater than the current step 6
 - Employees keep relative position in market pay scale
 - Pay increased 10% in this case



Note: numbers are for illustrative purposes only

Transition (cont'd)

- Example 3: Target market pay (TMP) is more than a 15% increase above current step 6
 - Employees keep relative position in market pay scale, up to a 15% increase
 - Employees in current steps 1 and 2 are placed in new step 1 to get to market pay range



Note: numbers are for illustrative purposes only

Transition (cont'd)

- We will introduce “quarter steps” worth 1.25% to facilitate placement in the new market pay range
 - Lays the foundation for linking pay to performance evaluations
 - Major steps are at 5% increments
 - Quarter steps are at 1.25% increments
- Step 6 is at the 65th to 75th percentile





Transition (cont'd)

- HR Director will work with General Government and TPU joint leadership to address transition issues and exceptions
 - Internal equity
 - Use of 6 steps for all non-represented positions and timing for adjustment
 - Accommodating retention concerns



Incorporating Performance, Accountability and Flexibility

- Through 2009, we will:
 - Develop classification and compensation guidelines
 - Implement a Citywide performance evaluation system
 - Develop an incentive program in General Government similar to TPU's incentive program
 - Develop additional goal-based incentive provisions used to recognize individual or team goals



Incorporating Performance (cont'd)

- In 2010, we will:
 - Transition to non-automatic steps for all non-represented employees, using annual performance evaluations to advance through the steps



Proposed Management of Pay Structure

- Successful implementation depends on:
 - Organization-wide consistency
 - Effective performance evaluation system
- Department management responsible for consistent application of the guidelines
- HR Department plays a pivotal role in the implementation and ongoing operation of the proposed pay structure



Proposed Management (cont'd)

- Classification and Compensation Guidelines
 - Provide criteria and procedures for consistent implementation and on-going management
 - To be developed with joint leadership team
 - HR Director plays a consultative role in guiding department managers
 - HR Director will ensure proper documentation and compliance
- HR Director will provide GPFC periodic implementation updates



Compensation Philosophy



Next Steps

- | | |
|------------|--|
| October 28 | Present resolution approving pay philosophy and pay structure, and directing staff to bring back corresponding TMC changes for Council consideration |
| November 5 | Present compensation survey recommendations at GPFC |
| November | Present compensation survey recommendations for Council consideration |



Next Steps (cont'd)

- | | |
|--------|---|
| 1Q2009 | Begin transition of non-represented positions to new classification system and pay structure |
| 1Q2009 | Begin training and roll out of performance evaluation system |
| 1Q2009 | Begin roll out of General Government incentive goal program (similar to TPU) |
| 1Q2010 | Begin using performance evaluation to determine pay adjustments for non-represented positions |