

## Council Meeting Staff Report

May 22, 2018

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<b>Agenda No.:</b>	I.
<b>Indexes (Council Goals):</b>	2018 Council Goal – Quality Governance – Operational Excellence – Invest in Staff Development to Create a High Performing Organization
<b>Presenters:</b>	Denise Cassel
<b>Legislative File:</b>	10779-18

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### Title

FY19 Compensation & Classification Plan.

### Recommended Action

**I move that Council approve the FY19 Compensation & Classification Plan.**

### County Manager's Recommendation

The County Manager recommends that Council approve the FY19 Compensation & Classification Plan as requested.

### Body

Tonight staff is requesting that Council approve the FY19 Compensation & Classification Plan (Attachment A). This document represents all of the County's job titles listed by their job families. It reflects the salary grade assignment, the minimum, midpoint and maximum of the grade, and the Fair Labor Standard Act (FLSA) designation of Exempt (EX) or Non-Exempt (NE).

The other attached documents, such as the compensation policy, are administrative in nature. As outlined in the Charter, the County Manager is responsible for their implementation. However, in order to give Council a better understanding of how the Compensation & Classification Plan is actually implemented, the staff report overview also includes the following:

Salary Grade Table (for regular and limited-term positions, excluding union and contract positions; sorted by job class.) (Attachment B)

FY19 Step Plan (Attachment C)

Compensation Administration Policy (Attachment D)

The County Charter, County Code and the Personnel Rules and Regulations provide the basic framework through which the job classification and compensation system is maintained and administered. The establishment of new job classes and the abolishment of existing classes are subject to approval by Council.

### Summary Changes to the FY19 Plan:

The only change in the FY19 Compensation & Classification Plan is the addition of New MUNIS Job Class Codes. With the implementation of the MUNIS software, job class codes went from four digits to three digits. For transition purposes, both job class codes are included.

### Compensation Philosophy:

The purpose of Los Alamos County's compensation philosophy is to define a competitive, total compensation approach that enables us to achieve our overall mission, vision and goals. The County is committed to providing a compensation program that is market competitive, which provides

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a good balance between compensation, benefits and rewards, and enables us to recruit, retain and reward a high performing and motivated workforce that supports our commitment to serve our citizens.

In developing a Compensation & Classification Plan, the County takes into account both the external market value of benchmarked jobs and the internal value of non-benchmarked jobs within an overall structure of job families. Drilling down further regarding market competitiveness, the County considers peer employers of similar size, providing like services, and in comparable industries. Different geographic labor markets are considered based on where we tend to recruit from and are defined as follows: a) Local/Statewide: Grades 101-124; b) Statewide/Southwest Regional: Grades 125-132 and 201-214; and c) National: Grades 301 and above. In order to ensure the County is competitive, the current Personnel Rules state that the Human Resources Manager is required to conduct a salary market survey for the pay plan every four (4) years, the next salary market survey should occur in FY20 should Council approve it in the budget.

In looking at the market data, an organization usually will determine how it would like to position itself against the competitors. Per Council's direction, as well as the recommendation of our compensation consultants, an approach of applying a geographic cost of labor factor was applied to our salary structure to ensure the County remains competitive. Cost of labor reflects the supply and demand for employees, versus a cost of living which is a demand for goods and services. The ideal plan was to apply a cost of labor percentage to the Compensation & Classification Plan each year in order to ensure salary ranges would keep pace with the market and that the gap in between market studies would be minimal, due to the application of a cost of labor factor to the structure each year. The FY19 Salary Plan will need to be updated to account for the cost of labor percentage should Council approve it in pending budget revisions.

Council may recall the most recent market survey was completed in late calendar year 2015. The County choose to conduct a total compensation market survey which reviewed both pay and benefits. The HR staff worked with Senior Management to identify 13 peer employer groups to seek both salary and benefit information from, as a part of that market study. Out of the 231 total County positions at that time, there were 109 positions identified to be reviewed for both the general county and public safety areas. We had received response information for 97 of the requested positions. For the most part, the market study showed the County pay ranges to be market competitive. However, there were 48 positions identified by staff as a result of the market study that needed potential grade movement and those changes were included in the FY17 Compensation & Classification Plan that was adopted by Council.

### **Compensation Policy:**

In 2015 the Human Resources Division worked with the County Manager, Senior Management Team, and elected offices to develop a new Compensation Administration Policy. Previously, the policy lacked a formal written structure, and there were many questions from employees and managers regarding the placement of employees within the approved Salary Plan. On June 9, 2015, Council approved the FY16 Compensation & Classification Plan, and the County Manager implemented the new Compensation Administration Policy, which brought more structure to the County's pay system. The new policy seems to have answered many questions for recruitment offers and has resulted in more employee satisfaction regarding internal promotions because of the salary comparison of new hire placement or promotion, whichever is greater, for internal employees.

The Compensation Administration Policy identifies the following parameters to the Salary Grade Structure:

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Grades are 5% apart at minimum.

The overall salary plan is comprised of three bands, which mirrors the areas from which we tend to recruit from. The bands are defined as the 100 series for non-exempt (Local/Statewide), the 200 series for exempt (Statewide/Southwest Region), and the 300 series for executive positions (National).

The progression through the salary range is determined by a step plan consisting of (40) one percent steps.

Represented positions within Fire, Police and Utilities are not included in the Compensation & Classification Plan due to collective bargaining agreements.

### **Alternatives**

Council could choose not to approve the FY19 Compensation & Classification Plan or could approve the plan with amendments.

### **Fiscal and Staff Impact/Planned Item**

The FY19 Compensation & Classification Plan is in compliance with the FY2019 Budget.

### **Attachments**

- A - FY19 Compensation & Classification Plan
- B - FY19 Salary Grade Table
- C - FY19 Step Plan
- D - Compensation Administration Policy