



County of Los Alamos

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Council Meeting Staff Report

March 31, 2020

Agenda No.: B.
Indexes (Council Goals):
Presenters: Harry Burgess; Denise Cassel
Legislative File: 12887-20

Title

Presentation of 2019 Market Study with proposed implementation plan.

Board, Commission or Committee Recommendation

The Personnel Board recommends the proposed implementation plan of the market study with consideration of a one-year lump sum adjustment for those employees at the maximum of their range.

Body

Tonight staff is presenting on three topics which are:

- 1) The result findings from the 2019 Market Study with a proposed implementation plan that takes into consideration the raw data from the market study.
- 2) Proposal to define how the temp/casual structure is applied in relation to the regular employee structure.
- 3) An example of how a potential prevailing wage might be implemented and the estimated impacts.

The results of this discussion will be used for final development of the budget by the deadline.

Background:

Personnel Rule 303 requires a compensation market study be conducted every four years and the last market study was conducted in 2015. During 2019, the HR staff worked with Senior Management to identify 10 peer employer groups to seek both salary and benefit information from, as a part of this market study. The benefit information will be used as we review our benefit plans in the future. However, it appears that overall the County's benefit package is market competitive.

This staff report will focus on the salary portion of the study. Out of the 277 total County job titles, 118 were identified to be benchmarked. We received responsive information for 105 of the requested positions (13 were identified as insufficient data). For the most part, the study showed the County pay ranges to be market competitive. However, there were 63 positions identified as a result of the study that might need potential grade movement both positive and negative. In an effort to moderate the more severe potential grade movements, staff developed a modifier to be applied to all the raw data as a starting point. Staff then further reviewed the analysis from previous studies, recruitment data, internal equity, and other factors and developed for consideration an implementation plan to be applied to the recommended FY2021 Compensation and Classification Plan.

On February 25, 2020, staff met with the Personnel Board to present the market data and discuss the proposed implementation for their input. The Personnel Board supported the implementation plan and also recommended consideration of a one-year lump sum adjustment for those employees whose grades would go down and they would be at the maximum of their range. The concern was that employees whose grade was going down, would not have time to seek a different position in the County which would allow them to be eligible for an annual increase. Upon this guidance, staff relooked at the order of implementation and is recommending applying any applicable Council approved structure change and annual performance review change first, and then implementing the

market adjustment. This would remove the need for a lump sum since employees would be eligible to receive their structure and annual review increase prior to any market-based downward grade adjustment. Their salary would remain whole for this year and they would in the future be limited in how much an increase they could receive depending upon where their new step placement would be in a lower grade. Further, for those employees who are already at step 40 (top of the range) before this process would be as follows. First they will receive any increase to the salary structure, but they would not be eligible to receive the merit increase because they are already at the maximum of the range at step 40. If their grade decreases, they will remain at step 40, and they may be at the maximum or possibly be over the maximum of the range. If they are over the maximum of the salary range, they will be "red circled" and only be eligible for an increase when their salary falls within the defined salary range. The same would apply for employees who are currently at step 37 or above, based on their performance, their merit increase may or may not be fully applied.

As outlined in the Charter, the County Manager is responsible for the implementation of a Council approved pay plan. This year the County Manager will be presenting the proposed structure change and market study implementation during the budget hearing for approval. Further on an annual basis, staff brings the Salary Plan to Council for review and approval and anticipates to present this in May following the budget hearings. However, in order to give Council a better understanding of how the Compensation Plan is actually implemented, the following items have been attached.

Proposed FY2021 Job Class Order Table (for regular and limited-term positions, excluding union and contract positions).

Proposed FY2021 Salary Grade Order Table (for regular and limited-term positions, excluding union and contract positions).

FY2020 Step Plan Schedule

Compensation Administration Policy

Example of changes for a prevailing wage rate

The County Charter, County Code and 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 abolishment of existing classes are subject to approval by Council.

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 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 determining market competitiveness, the County considers peer employers of similar size, providing like services, and in comparable industries. Different geographic labor markets are considered in accordance to the Compensation Administration Policy as follows: a) Local/Statewide: Grades 101-125; b) Statewide/Southwest Regional: Grades 125-132 and 201-214; and c) National: Grades 301 and above.

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. In the past, the County's market position was set around 15% above market average which was a representative of the 75th percentile for positioning. This position was represented by an above market percentage that was determined during the market review and was

based on budget. In 2015 the County choose to no longer continue with this practice but to move to a geographic factor to be applied for comparison purposes.

Compensation Policy:

In 2015 the Human Resources Division had worked with the County Manager, Senior Management Team, and elected offices to develop a new compensation 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 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 better employee communication and understanding regarding internal promotions because of the salary comparison of new hire placement or promotion, whichever is greater, for internal employees.

The Salary Grade Structure contains the following parameters:

Grades are 5% apart at minimum.

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

The salary plan is comprised of three bands, which mirrors the areas from which we tend to recruit from. Generally speaking the bands are defined as the 100 series for non-exempt (Local/Statewide), the 200 series for exempt, (which includes Grades 125-132 for Statewide/Southwest Region), and the 300 series for executive positions (National).

Represented positions within Fire, Police and Utilities are not included in the compensation and classification plan.

Additional Proposal for temp/casual pay structure:

In an effort to be consistent on the application of salary structure for temps and casuals, staff is recommending that the salary grade assigned to temps and casuals be 6 grades below the approved grade of the regular position. Currently there is some variation in the structure, but staff feels that a consistently defined margin would be better. If the Council supports this approach, then staff will amend the Compensation Policy to capture this guidance.

An example of a potential prevailing wage structure change:

Over the past year the question of a prevailing wage has been raised by certain Councilors. In an effort to facilitate Council discussion on a potential prevailing wage rate for regular and limited term positions, staff has developed an example implementation.

This example assumes a minimum of at least \$15.00/hr, (grade 114, Step 1 is \$15.09). A different assumption would alter this example and require different changes. There are currently 7 Job Titles that have minimum wage rates starting below \$15.00/hr.

This example would increase salary grades of six of the positions (Custodian, Environmental Services Technician, Laborer, Library Technician, Recreational Customer Service Associate and Lead Custodian) to at least grade 114. The Transit Operator Trainee would increase from a grade 112 to grade 113. This position is generally considered as a training phase for approximately six months while the employee obtains their CDL and necessary safety and route training, and then they are considered for promotion to a Transit Operator I at a grade 115. In a few cases, some other positions

in the same job families would also be adjusted to maintain integrity of their internal structures. If the Council wants to pursue something like this example, staff could incorporate this into the Compensation Philosophy and into the pay plan after the market study implementation.

Staff is seeking feedback from Council on all three of the topics.

Fiscal and Staff Impact/Planned Item

The fiscal impact of the increases associated with the proposed implementation of the Market Study is approximately \$316,000.

The fiscal impact of the proposed changes associated with the Temp and Casual grade changes is approximately \$39,500, as of March 10, 2020. The County is currently in the process of hiring Temps and Casuals for the summer, so this number is expected to change.

The fiscal impact of the proposed changes associated with the Prevailing Wage grade changes is approximately \$186,000.

Attachments

A - 2019 Market Study

B - Proposed FY2021 Job Class Order Table (for regular and limited-term positions, excluding union and contract positions)

C - Proposed FY2021 Salary Grade Order Table (for regular and limited-term positions, excluding union and contract positions)

D - FY2020 Step Plan Schedule

E - Compensation Administration Policy

F - Example of changes for a prevailing wage rate