CITY ADMINISTRATOR

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To: Human Resources Committee

From: Kevin Lahner, City Administrator

Copy: Donna Whalen, Human Resources Manager/Assistant City Attorney
Shawn Reilly, Mayor

Re: City of Waukesha Employee Classification and Compensation Study

After more than a year of review, the City has received the final Employee Classification and Compensation Study. The study was authorized by the Common Council to update the existing classification and compensation plan for all positions (except police and fire positions governed under bargaining agreements). The objectives of the study were to maintain or better the City's position relative to other municipalities and its labor market and to develop a compensation plan that is easy to understand and administer. The study also was designed to evaluate different compensation systems and to recommend a system that recognizes job performance as a part of the pay plan.

The study used a wide variety of methods to obtain the objectives noted above and identified in the introduction section of the report. GovHR used a comprehensive set of comparable communities, and received responses back from every community. Additionally, they conducted a complete job evaluation analysis, established a job classification system, and updated the City's job descriptions. Lastly, GovHR provided guidance on the future administration of the pay plan to keep the pay plan current and ensure regular reviews of our classification system.

After a full and complete review of the report, a number of conclusions can be drawn:
1. The City's overall compensation level is comparable to that of our peer group. Most positions are being compensated at a fair market rate.
2. 19 positions are below the market rate of our comparable cities. In order to ensure competitiveness in the recruitment of new workers, these positions should be brought up to the minimum salary for the position upon implementation of the new classification system.
3. 11 positions are above the market rate of our comparable cities. These positions should be frozen (without a decrease in pay) until such time as the employee's pay rate falls within the pay range.

Additionally, upon review of the recommendations and upon the completion of the work of the Pay Plan and Performance Evaluation Task Force, the City intends to move forward with a proposal to adopt a merit based system. The new system would establish the framework for providing employees with consistent feedback on a regular basis. Under the proposed measure, employees would be eligible for increases in salary on the basis of performance evaluation reports. The system will establish a process for performance feedback throughout the year, culminating in an annual performance evaluation.

It is important to note that the study was an objective study that was designed to compare *positions* between organizations and to establish job classifications based upon a rigorous review process completed by GovHR in consultation with our department heads, Human Resources, and administration. The study is not a reflection of any

individual's job performance. Opinions about individual job performance should not be a consideration in adoption of this plan.

City Administration is recommending the Human Resources Committee and Common Council accept the City of Waukesha Employee Classification and Compensation Study. The Classification System and Job Descriptions should be implemented immediately upon acceptance by the Common Council. The compensation model is to be implemented January 1, 2017.

A companion piece to acceptance of this study is the adoption of a new merit-based evaluation and compensation system. The Pay Plan and Evaluation Task Force is completing their work on the new merit-based policies. Upon adoption a series of trainings will be held with employees and supervisors to prepare for the implementation of the merit based plan.

KML