



City of Wayzata
600 Rice Street
Wayzata, MN 55391-1734

Mayor:
Ken Willcox
City Council:
Jack Amdal
Bridget Anderson
Andrew Mullin
Tom Tanner
City Manager:
Heidi Nelson

MEMORANDUM

TO: Mayor Willcox and Councilmembers
FROM: Heidi Nelson, City Manager
DATE: May 28, 2014
RE: Discuss Compensation and Classification Study

At the regular meeting of April 15th, the city council authorized a compensation and classification study for non-union city hall positions. The study will review the market compensation for the positions as well as establish a compensation system for non-union staff. Before initiating the study, staff would like to discuss policy issues of pay philosophy and comparable market with the City Council. Ann Antonsen with Springsted has provided the attached background material regarding pay philosophy and will be present at the workshop for the discussion. In addition, staff has provided the comparable cities we have used for union negotiations as well as those that we look to when comparing tax capacity/tax rate. Staff will be seeking feedback regarding the comparable city group for Wayzata.

Development of the City's Pay Philosophy

A. Purpose

A pay philosophy guides the design of a compensation system and answers key questions regarding pay strategy. The philosophy aligns total compensation (compensation and benefits) with the organization's goals for recruitment and retention of employees. It generally takes a comprehensive, long term focus and explains the compensation program's goals and how the program supports the employer's long-range strategic goals. Without a pay philosophy, compensation decisions tend to be viewed from a short-term tactical standpoint apart from the organization's overall goals.

B. Objectives

Market competitiveness and internal equity are among the most important areas addressed in a pay philosophy. An organization's desired market position involves defining the market and identifying where the organization wants to be positioned within that market. Market position should balance what it takes to attract new employees and retain skilled employees (in other words, eliminate higher pay as the reason employees leave the organization) with the organization's financial resources. Internal equity expresses an organization's desire to provide comparable pay to positions with comparable duties and responsibilities.

A pay philosophy should be developed that establishes a compensation program based on individual employee performance as a key feature of the pay philosophy. Therefore, we emphasize references to performance in the pay philosophy discussion. As part of the study, it is recommended that the City consider these concepts in the adoption of a formal pay philosophy:

- Providing fair and equitable rates of pay to employees.
- Defining the City's market area.
- Developing a system that establishes a "market rate" for each position and states the minimum wage and maximum rates that the City will pay individuals within a position.
- Establishing rates of pay that allow the City to compete successfully for new employees within its market area.
- Establishing a market position that is fiscally responsible with public resources.
- Ensuring that pay rates for existing employees are based on individual performance that meets or exceeds expectations and reflects changing economic conditions.
- Developing a compensation system that allows employees to progress through the pay range as long as their performance consistently meets expectations.
- Developing pay administration policies and procedures that ensure their consistent application between departments.
- Ensuring that the compensation program is understandable to employees, supervisors, managers, the City Council and the public.

C. Market Survey

In order to determine appropriate salary levels of positions in the workforce and to address the issue of comparable compensation, a comprehensive salary and benefits survey should be

conducted to compare City positions with analogous positions in other comparable agencies in the area labor market. By gathering and analyzing information on wages, wage equivalents and benefits, a comparison of total compensation can be reviewed in comparison to the City's established market area. External market comparisons for positions should pertain to organizations comparable to City of Wayzata, be based on similar organizational structure, services, population, geographic location, job responsibilities, scope of authority, financial, socio-economic, growth, competition for employees and other relevant factors. There may be different labor markets for positions. Some positions are recruited from the local area, while others are recruited regionally and/or nationally.

While salary survey data will assist the City in establishing its position in the competitive market, job evaluation is the mechanism that ensures that internal relationships are equitable and in compliance with the Minnesota Local Government Pay Equity Act.

COMPARABLE CITY GROUPS FOR THE CITY OF WAYZATA:

For Police, we have used Lake Area and 5,000 – 10,000 population cities:

Corcoran
Dayton
Deephaven
Jordan
Medina
Mendota Heights
Minnetrista
Oak Park Heights
Orono
Saint Anthony
S Lake Minnetonka (public safety JP)
Spring Lake Park
West Hennepin

For Public Works, we have used 5,000 – 10,000 population comp cities:

Corcoran
Excelsior
Jordan
Medina
Mound
Oak Grove
Osseo
Shorewood
Spring Lake Park
St. Francis
Victoria

We have often looked at cities that have comparable tax capacity for tax rate comparison, etc.
They include:

Hopkins
Brooklyn Center
Champlin
New Hope
Rogers
Ramsey