

# Compensation Study and Salary Structure Options

**City of Sparks**  
June 2018



# Table of Contents

1	OVERVIEW	3
2	EXECUTIVE SUMMARY	6
3	JOB EVALUATION	9
4	CURRENT PAY PRACTICES	16
5	MARKET COMPETITIVENESS	19
6	BASE SALARY STRUCTURE OPTIONS	22
7	SALARY ADMINISTRATION GUIDELINES	28
8	APPENDICES	33



# 1

## Overview



## Overview and Purpose

**The City of Sparks (“the City”) engaged Korn Ferry Hay Group (“KFHG”) to create a formal base salary compensation structure for its positions using an internal value system combined with an external pricing methodology.**

- The City of Sparks is located in Washoe County, Nevada with a population of about 90,000.
- The City wants to ensure its internal pay equity is strong and is aligned with the size of its jobs.
- Currently, the City does not have a compensation philosophy in place.
- Throughout this engagement, KFHG partnered with the City of Sparks to:
  1. Evaluate benchmark jobs using Hay Group’s proprietary job evaluation methodology, yielding a new grade framework.
  2. Assess the degree of internal pay equity within the City and review any outliers.
  3. Compare the City’s current base salaries relative to local market data collected by the City.
  4. Provide two base salary structure options for the City to review, both created to ensure external competitiveness while balancing affordability.
  5. Support the City in the adoption of a new compensation philosophy.



## Project Steps

- 1) Korn Ferry Hay Group conducted Skype interviews in March 2017 with incumbents, their managers, and HR to ensure a comprehensive understanding of the operations of each department, organizational structure, and position accountabilities.
- 2) KFHG evaluated 188 positions using our proprietary methodology, the Hay Group Guide Chart – Profile Method<sup>SM</sup> of Job Evaluation.
  - The results of the job evaluation exercise were presented and reviewed by the City of Sparks leadership to ensure the resulting levels reflected the internal values of the organization.
- 3) KFHG analyzed the current relationship between the City’s base salary pay practices and the internal job rankings to assess internal equity.
- 4) KFHG also compared the City’s current base pay to Hay Group’s 2017 General Market database. The financial impact of two salary structures were calculated in a comprehensive costing analysis of implementation.

**This report contains the results of the job rankings and findings from the compensation analysis, with recommendations for salary structures.**

- *Please note the Public Safety positions were excluded from the compensation study. The pay decisions made for these roles are of a higher complexity and differ too greatly from the bulk of the City’s employee population; as such, it is illogical to incorporate these roles into the base salary structures. A detailed list of the excluded positions are available in Appendix C.*

# 2

## Executive Summary



# Executive Summary

## Internal Equity:

- As a result of the analysis, we found that the City of Sparks has a healthy level internal equity.
- Based on the new grades/job levels agreed upon by KFHG and the City, as job size increases, typically, so does base pay.
- Minimal outliers exist; currently, **two** incumbents are outside of the maximum end of their respective salary ranges, equating **\$7,634** payroll dollars.

## Market Competitiveness:

- The market analysis conducted by KFHG was based off a regression model using the base salary data provided by the City.
- In aggregate, the City of Sparks' base salaries trend above the 50<sup>th</sup> percentile of the local market data by **+9%**.
- Competitiveness is **1%** ahead of market median for Clerical/Vocational roles (reference levels 8 – 13).
- Base salaries for positions considered Professional and Managerial (reference levels 14-19) trend **+14%** above the market median.
- The Executive base salaries (reference levels 20 – 26) trend **22%** above market median.



## Executive Summary (continued)

### Salary Range Options:

- **Option 1** Salary ranges with a midpoint on the market median. Ranges for all levels have a minimum and maximum of +/- 20% of the midpoint.
  - Ranges were created to ensure a logical progression from one level to the next.
  - If implemented, the City would observe **39** incumbents over the maximum end of the salary range for a total of **\$363,439**. This represents 1.90% of the City's payroll.
    - Additionally, **13** incumbents would fall below the range minimum, totaling **\$43,621** payroll dollars. This represents .24% of total payroll.
- **Option 2** Salary ranges with a midpoint on the market median (*same as Option 1*). The minimum and maximum ranges for **levels 8-19 are +/- 20%** of the midpoint, and **levels 19-20 are +/-25%** of the midpoint.
  - If implemented, the City would observe **39** incumbents over the maximum end of the salary range for a total of **\$357,039**. This represents 1.86% of the City's payroll.
    - **Two** incumbents would fall below the range minimum, totaling **\$43,621** total payroll dollars (*same as Option 1*).





# 3

## Job Evaluation



## Job Evaluation Process

**The intent of the compensation study is to ensure the City's jobs are "leveled" correctly based on a consistent and valid methodology, and are paid in alignment with the desired pay philosophy.**

- KFHG's **Job Evaluation** methodology forms the foundation of the compensation program, yielding a structure from which pay decisions can be based.
- Job Evaluation is used to reflect the "value" of each job in terms of its contribution to the organization. KFHG's methodology considers the size of the organization, the job's responsibilities and its organizational impact. Job Evaluation measures three key factors of a job:
  - Knowledge required (input)
  - Problem solving involved (throughput)
  - Results expected (output)
- Each benchmark job was evaluated and based on this evaluation, assigned to a new "grade".
  - KFHG evaluated **188** positions throughout spring 2017.
  - Proposed grades were reviewed and approved by leadership in June 2017.
- KFHG then developed a market, salary ranges, and conducted an impact analysis to understand the cost to implement a new structure.
- This report contains the results of the job rankings and findings from the compensation analysis, with recommendations for salary structures.



## Job Framework

- The following page illustrates the output of KFHG's Job Evaluation and Job Leveling analysis. It represents the relationships within and across hierarchies based on the job evaluation "value" of each position within the organization.
- This matrix will be a valuable tool for the City when role responsibilities are revised and/or new positions are developed. We advise the City to slot new and/or revised roles into a grade based on internal job comparisons and hierarchies.
  - Job slotting into the grading system is a simple and efficient means of determining job size.
  - Hay Group job evaluation methodology states there needs to be a perceived difference of 15% or greater in job size for jobs to move into the next highest level.
  - It is relevant to note that certain tiered jobs with similar content, complexity, and a shorter time horizon to achieve competency in the job were leveled in the same grade. For certain positions, KFHG did not observe noticeable grade differences of 15% or more from one level to the next.
  - Although the Public Safety positions were excluded from the compensation study, these positions were interviewed and assigned a level as part of the Job Evaluation exercise. Their resulting evaluations are listed on the following slides.



# Job Evaluation Matrix

## Community Services, Police, Fire (grades 26-14)

Hay Rls	Public Works (CSD)	City Planning (CSD)	Treatment Plant (CSD)	City Engineering (CSD)	Fire	Police
26						
25						
24						
23						
22		Community Services Director 1192			Fire Chief 1192	Police Chief 1192
21						
20		Assistant Community Services Director 839	Treatment Plant Manager 839	City Engineer 775		Deputy Police Chief 782
19						
18	Public Works Manager 594	Building Official 571	Treatment Plant Operations Manager 594	Capital Projects Manager 588	Fire Marshal - 551	Administration Division Manager 588
17	Assistant Public Works Manager 483	Development Services Manager 496 Planning Manager 479	Treatment Plant Maintenance Manager 483 Laboratory Manager 479	Transportation Manager 451 Utility Manager 451	Fire Battalion Chief 516	Police Lieutenant 516
16		Deputy Building Official 406  Planner Senior (DS) 393	Control System Programmer 393 Treatment Plant Process Engineer 393	Systems Analyst Senior-GIS 417	Assistant Fire Marshal - Prevention 393	
15	Safety Coordinator 366	Housing Specialist 353	Laboratory Quality Assurance Officer 342 Chemist II 342	Capital Projects Coordinator 353  Civil Engineer Senior 342 Geographic Technology Specialist Senior - GIS 323	Fire Captain 366	Police Sergeant 366
14	Crew Supervisor (Public Works) 291	Building Inspector Senior 282  Planner II 282	Crew Supervisor (Treatment Plant) 291 Chemist I 282	Infrastructure Coordinator 291 Parks Development Coordinator 291 Transportation Services Coordinator 291 Civil Engineer 282 Geographic Technology Specialist II - GIS 282	Fire Apparatus Officer 301 Firefighter Paramedic 301	Police Officer 301



# Community Services, Police, Fire (grades 13-8)

Hay RLS	Public Works (CSD)	City Planning (CSD)	Treatment Plant (CSD)	City Engineering (CSD)	Fire	Police
13		Building Permit Supervisor 252 Code Enforcement Supervisor 245  Plans Examiner Senior 240  Planner I 233  Building Inspector II 247	Environmental Control Supervisor 245	Geographic Technology Specialist I - GIS 245	Firefighter 247  Fire Plans Examiner/Inspector 245  Fire Prevention Inspector III/II 245	Terminal Agency Coordinator 259 Emergency Communications Supervisor 252 Crime Analyst Statistician 245 Police Records Supervisor 245 Property Evidence Supervisor 245 Victim Advocate (Police) 245
12	Equipment Mechanic Lead 215  Heavy Equipment Operator 215  Facilities Maintenance Worker Lead 215  Traffic Signal Technician Lead 215	Permit Technician Senior 208  Plans Examiner I/II 199  Building Inspector I 204  Code Enforcement Officer I/II 203	Treatment Plant Electrician & Instrumentation Technician II 215 Treatment Plant Mechanic II 215 Wastewater Operator III 204  Environmental Control Officer I/II 203	Public Works Inspector Senior 203	Fire Prevention Inspector I 203	Emergency Communications Dispatcher 208
11	Equipment Mechanic II 178  Facilities Maintenance Worker III 178  Parks Maintenance Worker Lead 178  Streets Maintenance Worker Lead 178  Traffic Signal Technician II 178 Utilities Maintenance Worker Lead 178	Permit Technician II 169	Treatment Plant Electrician & Instrumentation Technician I 178 Treatment Plant Mechanic I 178 Wastewater Operator II 178	Maintenance Worker IV (GIS) 178		Property Evidence Technician I/II 178  Police Assistant I/II 173  Police Office Assistant I/II 173 Police Office Specialist 169
10	Traffic Signal Technician I 155 Equipment Parts Technician 151  Community Appearance Maintenance Worker Lead 148  Equipment Mechanic I 148 Parks Maintenance Worker II 148 Streets Maintenance Worker II 148 Traffic Maintenance Worker 148 Utilities Maintenance Worker II 148	Permit Technician I 141	Wastewater Operator I 148 Warehouse Inventory Control Specialist 144	Public Works Inspector I/II 141		
9	Utilities Maintenance Worker I 128 Community Appearance Maintenance Worker II 123  Parks Maintenance Worker I 123 Streets Maintenance Worker I 123		Treatment Plant Worker 128			
8	Community Appearance Maintenance Worker I 107  Laborer 107					



# Job Evaluation Matrix

## All Other Functions (grades 26-14)

Hay RLs	Financial Services	IT	General Admin	Human Resources	Legal	Parks and Recreation
26			City Manager 2248			
25						
24			Assistant City Manager 1578			
23						
22						
21						
20	Financial Services Director 839				Chief Assistant City Attorney 830	
19		Information Technology Manager 677				
18	Accounting Manager 551			Human Resources Manager 588	Assistant City Attorney Senior - Civil 588	Parks & Recreation Director 571
17	Budget Administrator 479				Assistant City Attorney Senior - Criminal 511 Assistant City Attorney II - Civil 479	
16		Systems Development Administrator 417 Network/Infrastructure Administrator 393	Community Relations Manager 432 Customer Service Manager 432			
15	Senior Accountant 342	Systems Analyst Senior 363	City Clerk 353  Contracts and Risk Manager 342	Human Resources Analyst Senior 342	Assistant City Attorney I - Civil 342 Assistant City Attorney II - Criminal 342	
14	Accountant II 298	Information Technology Support Specialist Sr 298 Systems Analyst II 298 Systems Specialist 282	Administrative Analyst Senior 282	Human Resources Analyst II 282	Assistant City Attorney I - Criminal 298	Special Events Supervisor 291



# Job Evaluation Matrix

## All Other Functions (grades 13-18)

Hay RLS	Financial Services	IT	General Admin	Human Resources	Legal	Parks and Recreation
13	Accountant I 245	Information Technology Support Specialist II 245 Systems Analyst I 245		Human Resources Analyst I 245	Victim Advocate (Legal) 245	Recreation Supervisor 261
12	Payroll Administrator 223	Information Technology Support Specialist I 213	Assistant City Clerk 208 Executive Administrative Assistant 208	Human Resources/Risk Technician II 203	Legal Secretary Senior 223	
11	Accounting Specialist II 169		Business License Specialist 173 Customer Service Specialist II 173 Records Coordinator 169	Human Resources/Risk Technician I 169	Legal Secretary II - Civil 186 Legal Secretary II - Criminal 162	Recreation Specialist II 182 Aquatics Specialist 173
10	Accounting Specialist I 141		Administrative Assistant 154 Administrative Secretary 144 Customer Service Specialist I 144 Records Technician 141 Office Assistant I/II 141		Administrative Assistant 154 Legal Secretary I - Civil 135 Legal Secretary I - Criminal 135	Recreation Specialist I 144
9					Legal Office Assistant 123	
8						



# 4

## Current Pay Practices





## Current Pay Practices

KFHG conducted an analysis of how employees are paid relative to each other based on the grade level assigned to each position.

- $R^2$  is the statistical strength of the correlation between job size and compensation. The City's  $R^2$  is **.79**.
  - Another way to look at this is 79% of the difference in base salary between jobs is a function of job content.
  - The remaining 21% is likely due to factors such as time in role, tenure, experience and individual performance.
  - An  $R^2$  of .70 is considered a healthy threshold for internal equity.
- The City has **two** incumbents over their current salary range maximums, equating **\$7,634** of total payroll dollars. There are not any incumbents currently below the range minimums.
- The City's current compa-ratio is **117%** (*total payroll divided by sum of midpoint dollars*).

Job Title	Incumbent Name	Reference Level	\$ Over Current Range Maximum
Property Evidence Technician I	Brown, Linda O	11	\$5,429
Utilities Maintenance Worker II	Griffin III, Richard D	10	\$2,205
<b>Grand Total</b>			<b>\$7,634</b>



## Current Pay Practices (cont'd)

Based on the new grading framework, the City's currently salary range spreads vary from one level to another. The table on the right shows the average range spread by Hay reference level.

- Although range spreads tend to increase as job size goes up, some variance exists in the salary spreads amongst levels.
- The City's overall range spreads are more narrow than what we typically see for professional, managerial, and executive roles.
- Thus, there is a need for a formal salary structure policy to be established.

Reference Levels	Avg. Range Spread by Level
26	*
24	*
22	*
20	33%
19	43%
18	42%
17	40%
16	34%
15	35%
14	32%
13	29%
12	28%
11	27%
10	27%
9	27%
<b>Aggregate:</b>	<b>33%</b>

*Note: The City Manager, Assistant City Manager, Community Services Director, Financial Services Director, and Parks & Recreation Director do not currently have a range minimum or midpoint.*

*Note: There is only one incumbent in reference level 19.*

*Appendix A contains further statistics summarizing the City's current base salary practices.*



**5**

**Market  
Competitiveness**



# Market Competitiveness

## Market Approach

- At the request of the City, KFHG utilized the local market data collected by the City for purposes of the compensation study.
  - The City collected base salary data for similarly-titled positions located in the City of Reno, Washoe County, Carson City, Douglas, and Lake Tahoe.
- In aggregate, the City's base pay trends **9% above the 50<sup>th</sup> percentile**, but some variance exists in regard to the market positioning of different job levels.



## Market Competitiveness (cont'd)

The table below shows the average % variance to the minimum, median, and maximum of the market by employee group. The market analysis conducted was based off a regression model using the base salary data provided to KFHG by the City.

<i>Aggregate Market Position of Base Salaries by Reference Level</i>				
Reference Level	No. of Incumbents	Avg. Variance to Minimum	Avg. Variance to Median	Avg. Variance to Maximum
20 - 26	8	46%	22%	5%
14 - 19	81	34%	14%	-1%
8 - 13	174	27%	1%	-8%
<b>Totals:</b>	<b>263</b>	<b>33%</b>	<b>9%</b>	<b>-3%</b>

- The City is paying **+9%** above the market median for base salary in aggregate.
- **Clerical/Vocational** (levels 8 – 13)
  - This group has the highest number of incumbents. On average, pay trends just **+1%** above the market median.
- **Professional/Managerial** (levels 14 – 19):
  - On average, pay is ahead of the market median at **14%**.
- **Executive** (levels 20 – 26):
  - The data suggests incumbents in these roles are paid **22%** above market median.



# 6

## Base Salary Structure Options



# Base Salary Structure

## Option 1

Grade	Minimum (80%)	Recommended Midpoint (Median)	Maximum (120%)	Width
26	\$161,500	\$201,900	\$242,300	50%
25	\$152,400	\$190,500	\$228,600	50%
24	\$142,500	\$178,100	\$213,700	50%
23	\$131,900	\$164,900	\$197,900	50%
22	\$122,200	\$152,700	\$183,200	50%
21	\$112,100	\$140,100	\$168,100	50%
20	\$102,800	\$128,500	\$154,200	50%
19	\$93,400	\$116,800	\$140,200	50%
18	\$83,400	\$104,300	\$125,200	50%
17	\$74,500	\$93,100	\$111,700	50%
16	\$67,100	\$83,900	\$100,700	50%
15	\$61,000	\$76,300	\$91,600	50%
14	\$55,500	\$69,400	\$83,300	50%
13	\$51,000	\$63,700	\$76,400	50%
12	\$47,200	\$59,000	\$70,800	50%
11	\$43,700	\$54,600	\$65,500	50%
10	\$40,800	\$51,000	\$61,200	50%
9	\$38,200	\$47,700	\$57,200	50%
8	\$36,000	\$45,000	\$54,000	50%

- **Option 1** has a midpoint that is on the market median for all reference levels.
- The range minimum for each level is 80% of the midpoint and the range maximum for each level is 120% of the midpoint; a 50% spread exists for all levels.
- A wide salary spread such as 50% provides flexibility to hire within range as well as provide frequent salary increases while staying within range.

**This is an option for consideration, not a definitive or final structure.**



# Base Salary Structure

## Option 2

Grade	Minimum	Recommended Midpoint (Median)	Maximum	Width
26	\$151,400	\$201,900	\$252,400	67%
25	\$142,900	\$190,500	\$238,100	67%
24	\$133,600	\$178,100	\$222,600	67%
23	\$123,700	\$164,900	\$206,100	67%
22	\$114,500	\$152,700	\$190,900	67%
21	\$105,100	\$140,100	\$175,100	67%
20	\$96,400	\$128,500	\$160,600	67%
19	\$93,400	\$116,800	\$140,200	50%
18	\$83,400	\$104,300	\$125,200	50%
17	\$74,500	\$93,100	\$111,700	50%
16	\$67,100	\$83,900	\$100,700	50%
15	\$61,000	\$76,300	\$91,600	50%
14	\$55,500	\$69,400	\$83,300	50%
13	\$51,000	\$63,700	\$76,400	50%
12	\$47,200	\$59,000	\$70,800	50%
11	\$43,700	\$54,600	\$65,500	50%
10	\$40,800	\$51,000	\$61,200	50%
9	\$38,200	\$47,700	\$57,200	50%
8	\$36,000	\$45,000	\$54,000	50%

- **Option 2** has a midpoint that is on the market median for all reference levels.
- The range minimum and maximum for levels 8-19 is +/- 20% of the midpoint.
- The range minimum and maximum for levels 20-26 is +/- 25% of the midpoint.
- Broader ranges make sense at Executive levels in particular, as incumbents tend to stay in roles longer.
- The City has also communicated their Managerial, Professional, and Clerical staff stay in roles for long periods of time. As such, a 50% salary spread makes sense for these levels.

**This is an option for consideration, not a definitive or final structure.**





## Financial Impact of Base Salary Structure Options

- Both of the salary structure options provide for an overall compa-ratio of **107%**.
- **Option 1** Impact:
  - **39** employees are above the range maximum for a total amount of **\$363,439** (1.90% of the current employee payroll).
  - **13** employees are below the range minimum for an amount of **\$43,621** (.24% of current employee payroll).
- **Option 2** Impact:
  - **39** employees are above the recommended range maximum, totaling **\$357,039** payroll dollars (1.86% of the current employee payroll).
  - **13** employees are **\$43,621** below the recommended minimum (.24% of the of the current employee payroll).
    - The same positions/incumbents fall under the range minimums for both options.
- The positions that fall above the range maximum are in levels 10-20 for **both options**.
  - **For Options 1 and 2**, the below positions are paid \$20,000 or more above the maximum:
    - Parks & Recreation Director, City Clerk, Civil Engineer Senior, Parks Development Coordinator, Transportation Services Coordinator I, Infrastructure Coordinator II, Recreation Supervisor, and Administrative Assistant.



# Salary Structure Options

## Salary Structure Options:

- KFHG considered the following when developing the salary structure options for the City of Sparks:
  - Current competitive positioning
  - The City's current salary range spreads
  - Ability to pay/viability of implementation
  - Themes of pay practices in the market
- Out of the two options KFHG developed for the City on the previous slide, the City might consider the second option to be more viable.
- Although there is no one best practice, structurally, **Option 2** makes sense because the City experiences incumbents staying in roles for longer periods of time, especially at the Executive level. As such, wide salary ranges helps with salary administration, allows HR to give standard market increases, and provides flexibility to hire within range.



# Financial Impact of Base Salary Structure Options

The below tables show the total dollar amount of the City's current range minimums and maximums vs. the range minimums and maximums for Options 1 and 2.

- The City can observe a **\$1,743,083** net cost impact for Option 1 and 2.
  - To contain the cost, the City may alter the salary ranges to be more narrow; i.e. more aligned with how they currently stand.
  - The City may also plan for a multi-year transition to mitigate some of the cost impact.

Option 1 - 50% Width for All Levels								
Sum of Current Grade Min.	Sum of Proposed Grade Min.	Difference: Proposed vs. Current	% Change	Sum of Current Grade Max.	Sum of Proposed Grade Max.	Difference: Proposed vs. Current	% Change	Net Cost Impact for Structure Adj.
\$14,204,466	\$14,371,800	\$167,334	1%	\$19,980,251	\$21,556,000	\$1,575,749	8%	<b>\$1,743,083</b>

Option 2 - 67% Width for Executives, 50% Width for Levels 8 - 19								
Sum of Current Grade Min.	Sum of Proposed Grade Min.	Difference: Proposed vs. Current	% Change	Sum of Current Grade Max.	Sum of Proposed Grade Max.	Difference: Proposed vs. Current	% Change	Net Cost Impact for Structure Adj.
\$14,204,466	\$14,284,900	\$80,434	1%	\$19,980,251	\$21,642,900	\$1,662,649	8%	<b>\$1,743,083</b>

Please note there are other cost implications associated with changing base pay, such as overtime and Nevada's state retirement system. The City will be responsible for determining the total cost impact.



# 6

## Salary Administration Guidelines



## Implementation of Recommendations

- For incumbents over the range maximums, there are two viable options the City may want to consider, which can help offset cost of bringing other employees up to the grade minimum.
  - Red circle – freeze an individual's salary at its current level allowing the market to catch up over time. This simply means that the red circled employee will not receive increase to their base salary while still above the grade maximum; or
  - Yellow circle – if the incumbent has a compa-ratio of 120% or more but is still below the maximum of the range, the employee will receive slightly lower annual base salary increase. In other words, the City may want to consider slowing down the annual increases for individuals who are near the top of their grade range.
- For incumbents below the range minimum, base salary increases should consider tenure and performance and may be managed gradually over time.
  - The goal would be for all jobholders (in good performance standing) to be paid at least at the assigned grade minimum although it may take 2-4 years to get there.
  - Considerations should be given to all employee pay rates, not just the individuals below the grade range, in order to prevent compression.
- Generally speaking, it is best practice to increase grade ranges every other year or so in order to keep pace with the market.
- When hiring new resources, consider the candidate's experience, skills, and/or salary history to penetrate the salary range instead of hiring at the minimum.



# Premium Pay Guidelines

## Premium Pay

- Although job evaluation is independent of current pay, there may be instances in which premium pay is warranted.
- Consider offering a premium for jobs with skill sets that, due to supply and demand in the market (high supply yet low demand), command more compensation.
- These positions should also be considered essential to the success of the department and/or organization.
  - **For such positions, a premium pay could be given to employees as part of their annual bonuses or be given as a “hiring” bonus.**
  - Premiums of this nature typically range from 10% to 20%.

**We recommended avoiding building premium pay into base salaries, as the market supply and demand will fluctuate over time. Keeping base salaries limited will help keep individual pay within the recommended ranges.**



## Other Considerations to Improve Pay Effectiveness

- **Maintain a sound salary administration program with a strong and current link to market.** Consider conducting a comprehensive market analysis at least every 2-3 years to ensure that the salary structure is relevant and valid in the market. In the interim years, apply a salary structure adjustment percentage to all salary ranges.
- **Use hiring bonuses instead of a higher base salary.** Consider offering a hiring bonus or a “signing” bonus in lieu of a higher starting salary in unique circumstances where the market supply for such positions is low and if the City is unlikely to find other qualified candidates. Consider also having the employee sign an agreement to repay the bonus if he/she leaves before a specified period of time, for example, 12 months.
- **Hire less experienced and invest in training.** If the organization’s HR strategy and workforce requirements allow, consider hiring less experienced employees who can be trained up. This option offers an opportunity to high-potential employees and highlights the organization’s commitment to career development for all employees.
- **Communicate expectations as often as organizational needs evolve.** When specialized skills and technical expertise are needed but don’t exist in-house, consider clearly articulating those needs and share with employees all the tools, training and courses that will be at their disposal should they choose to learn new skills to operate at that next level. This will also help determine the need for changes in compensation, if warranted.



## Other Considerations to Improve Pay Effectiveness (cont'd)

- **Provide spot adjustments.** Designed to address pay compression. When subordinate gross income is higher than supervisor pay, consider making a “spot” adjustment to the employee in the supervisor role so that on an ongoing basis, the guaranteed pay for the supervisor will still be higher than the majority of subordinates.
- **Clarify roles and accountabilities for talent management.** Identify governance structure and the roles of organizational and functional leadership, people managers, and employees in talent management processes.
- **Be proactive and keep up with employee position in range.** Run periodic reports showing employees’ positions in range to provide lead time for HR and people managers to determine how best to handle these employees proactively. This will allow managers to have meaningful discussions with subordinates about the implications of approaching range maximums or nearing supervisor pay in some cases.
- **Communicate the value of intangible rewards.** Share the value of intangible benefits that employees enjoy relative to the market, especially with regard to work-life balance, total benefits package, time off, etc. Also, provide total remuneration statements (“TRS”) to help communicate the total value and communicate employees’ full pay and benefits package in a simple and consistent way, showing the organization’s total investment in each employee. TRS place a tangible value on the ‘hidden’ elements of the remuneration package.





# Appendices



# Appendices

<b>A</b>	CURRENT PAY PRACTICES	35
<b>B</b>	IMPACT OF BASE SALARY STRUCTURE OPTIONS	40
<b>C</b>	LIST OF EXCLUDED POSITIONS	50
<b>D</b>	JOB EVALUATION METHODOLOGY	52



**A**

**Current Pay  
Practices**



# Appendix A: Current Pay Practices

## *Current Base Salary Statistics*

City of Sparks Compensation Structure Current Summary Statistics	
Cases Read From File:	267
Incumbents Above Maximum:	2
<b>Sum of \$ Above Maximum:</b>	\$7,634
% Above Maximum as a % of Payroll:	0.04%
Incumbents Below Minimum:	0
<b>Sum of \$ Below Minimum:</b>	\$0
\$ Below Minimum as a % of Payroll:	0.00%
Incumbents Between Mid and Max:	206
Incumbents Between Min and Mid:	54
<b>Total Payroll:</b>	\$19,152,869
<b>*Sum of Current Midpoint \$:</b>	\$16,403,993
<b>Overall Compa-Ratio</b>	<b>117%</b>

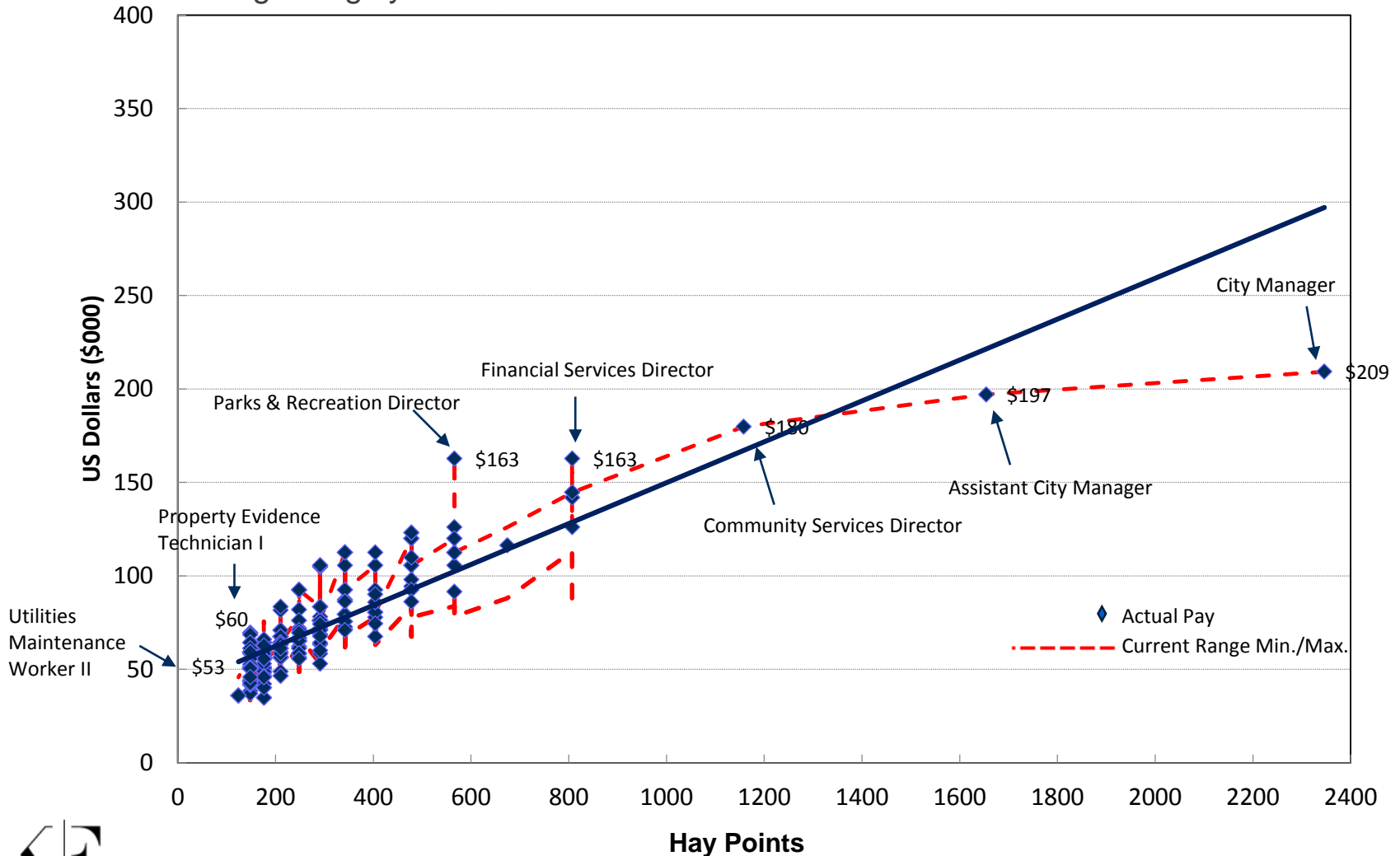
*\*The City Manager, Assistant City Manager, Community Services Director, Financial Services Director, Treatment Plant Operations Manager, and Parks & Recreation Director do not currently have a range minimum or midpoint. As such, these figures are not included in the totals above.*



# Appendix A: Current Pay Practices

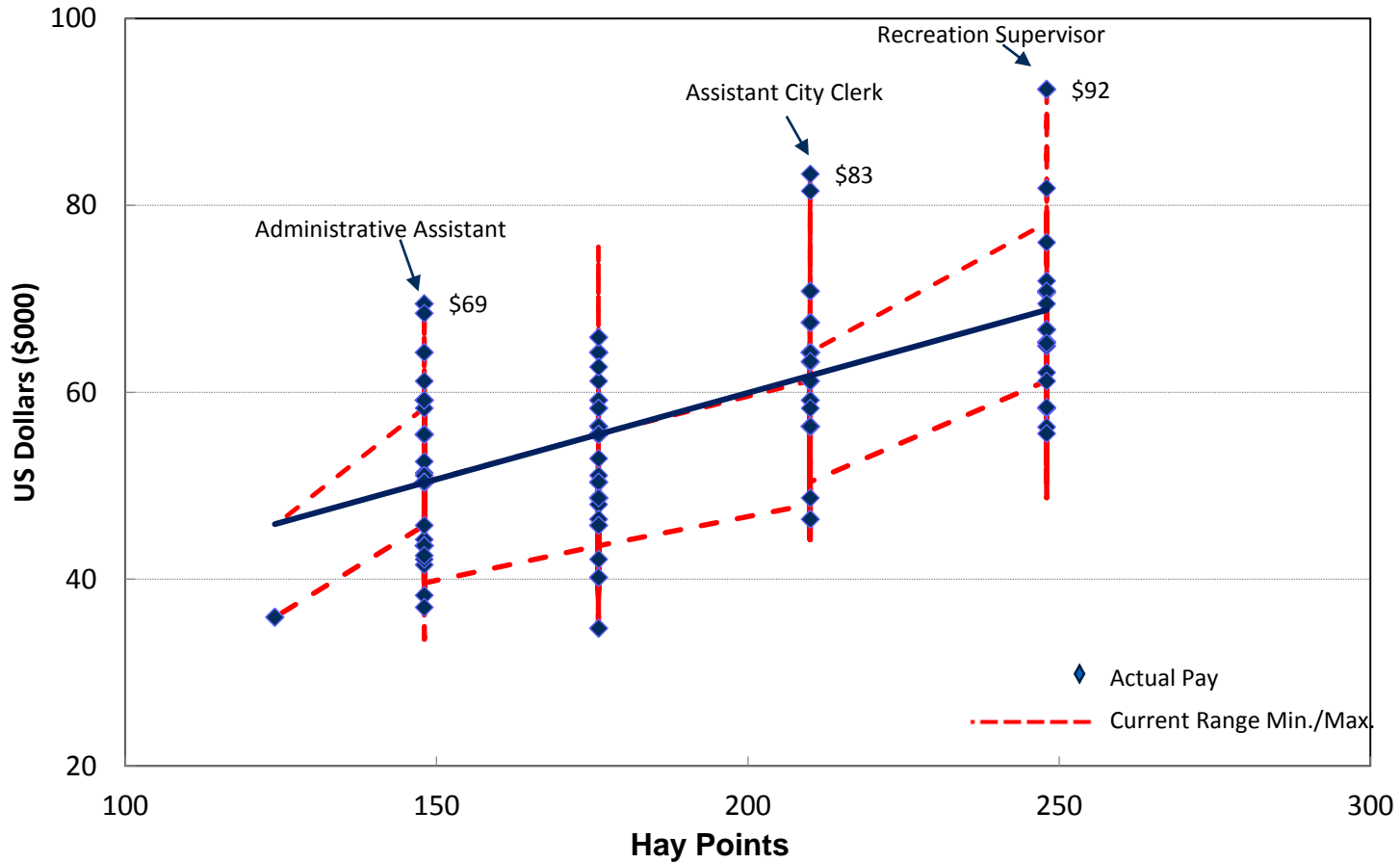
## Internal Equity Graph (All Levels)

The graphs on the following pages shows the current salary spreads for all jobs based on the new grading system.



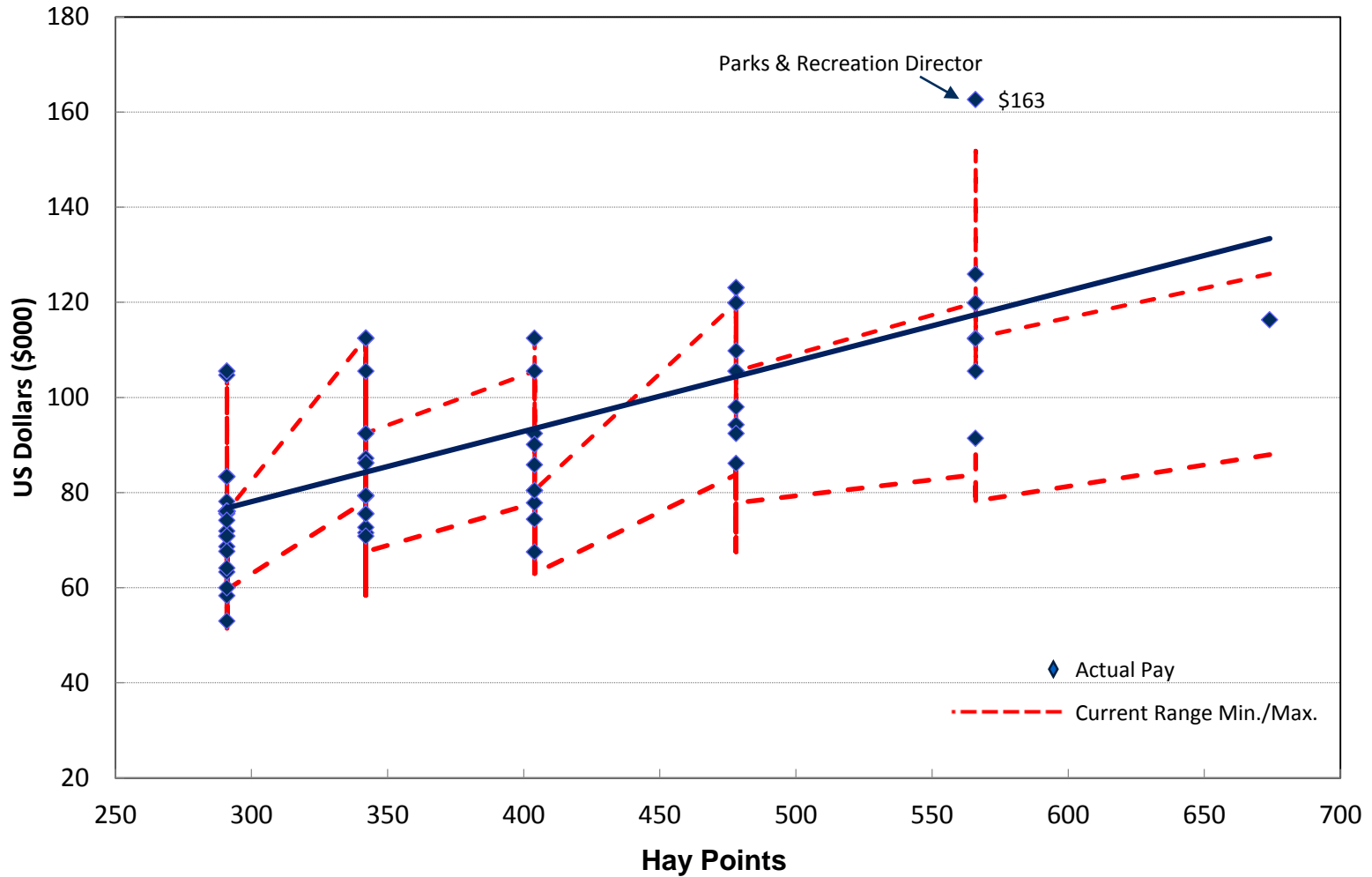
# Appendix A: Current Pay Practices

## *Internal Equity Graph (Clerical/Vocational)*



# Appendix A: Current Pay Practices

## Internal Equity Graph (Professional/Managerial)



**B**

**Impact of Base  
Salary Structure  
Options**





# Appendix B: Impact of Base Salary Structure Options

## Summary Statistics

City of Sparks Summary Statistics Proposed Base Salary Structure - Option #1	
Total Cases Read From File	267
Incumbents Above Maximum	39
<b>Sum of \$ Above Maximum</b>	<b>\$363,439</b>
% Above Max as a % of Payroll	1.90%
Incumbents Below Minimum	13
<b>Sum of \$ Below Minimum</b>	<b>\$43,621</b>
\$ Below Minimum as a % of Payroll	0.23%
Incumbents Between Mid and Max	133
Incumbents Between Min and Mid	82
# of Employees Outside Range	52
% of Employees Outside Range	19%
<b>Total Payroll</b>	<b>\$19,152,869</b>
<b>Sum of Midpoint \$</b>	<b>\$17,963,900</b>
<b>Overall Compa-Ratio</b>	<b>107%</b>

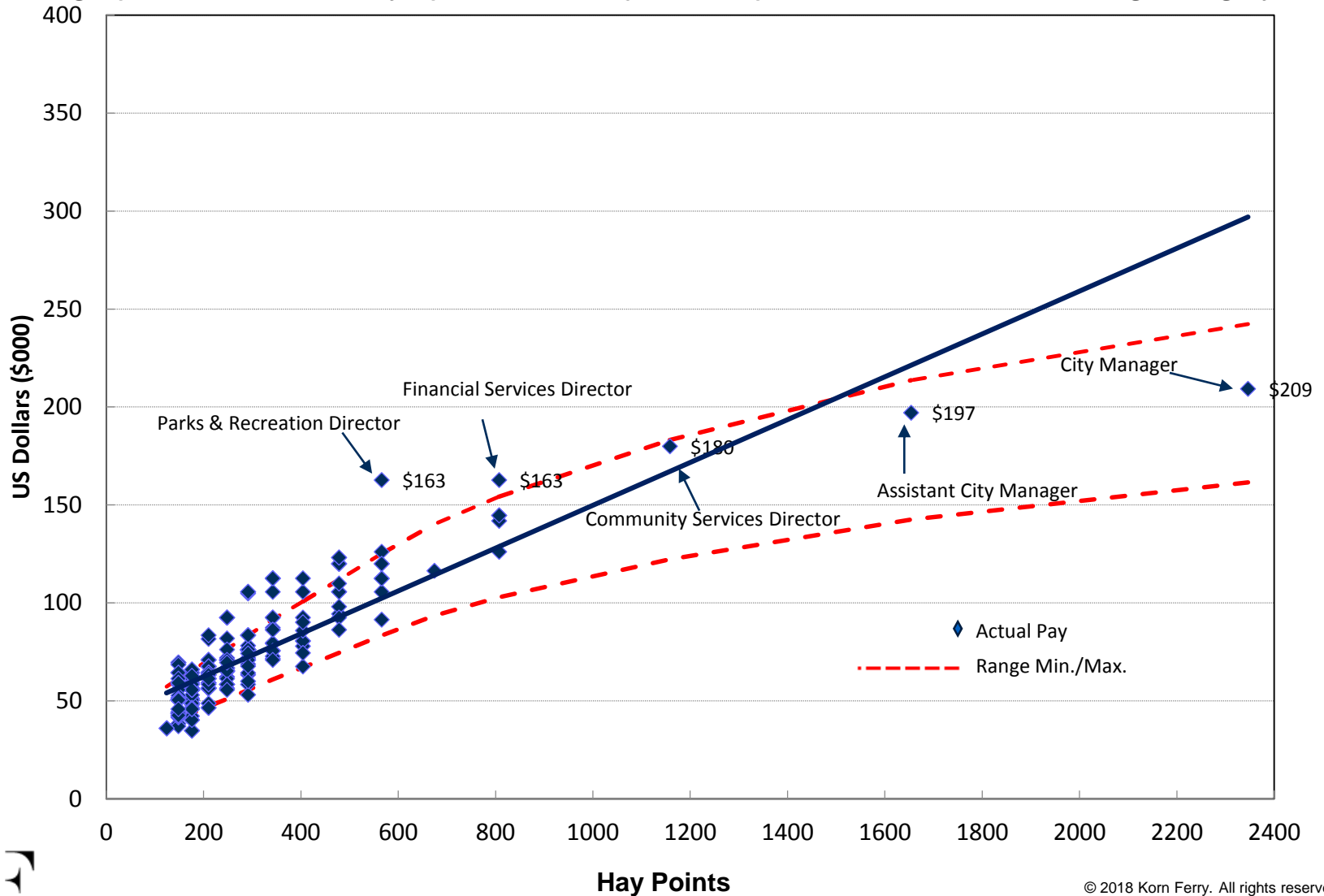
City of Sparks Summary Statistics Proposed Base Salary Structure - Option #2	
Total Cases Read From File	267
Incumbents Above Maximum	39
<b>Sum of \$ Above Maximum</b>	<b>\$357,039</b>
% Above Max as a % of Payroll	1.86%
Incumbents Below Minimum	13
<b>Sum of \$ Below Minimum</b>	<b>\$43,621</b>
\$ Below Minimum as a % of Payroll	0.23%
Incumbents Between Mid and Max	133
Incumbents Between Min and Mid	82
# of Employees Outside Range	52
% of Employees Outside Range	19%
<b>Total Payroll</b>	<b>\$19,152,869</b>
<b>Sum of Midpoint \$</b>	<b>\$17,963,900</b>
<b>Overall Compa-Ratio</b>	<b>107%</b>



# Base Salary Structure

## Option 1

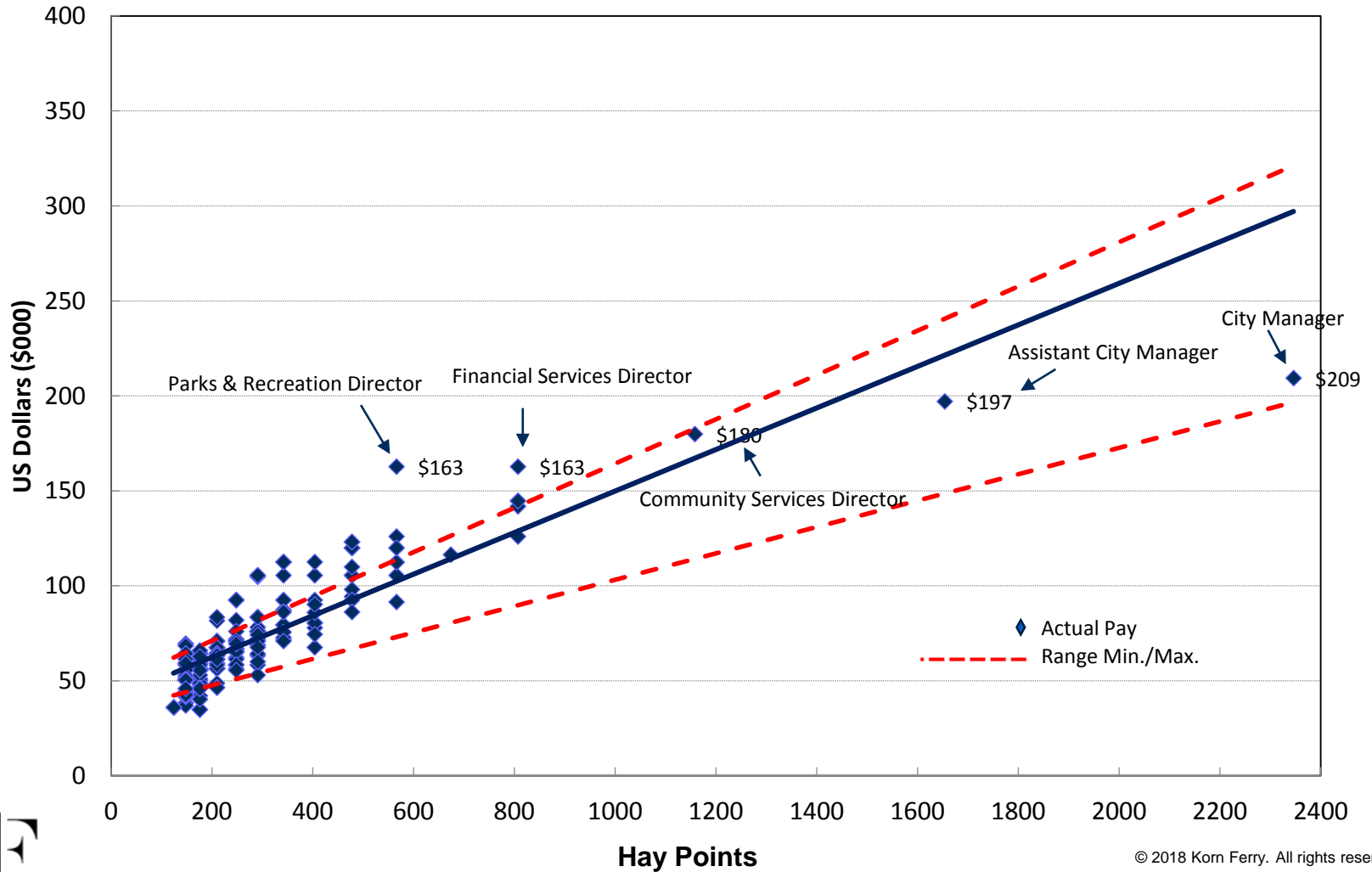
This graph shows the salary spreads for all jobs in Option 1 based on the new grading system.



# Base Salary Structure

## Option 2

This graph shows the salary spreads for all jobs in Option 2 based on the new grading system.



# Dollars over range maximum – by job

## Option 1

- The tables on the next two slides show which positions would fall over the range maximum for **Option 1** given their current salary, and the total payroll dollars associated.

Job Title	Grade	# of Incumbents in Job	# of Incumbents Over Max	% of Incumbents In Job Over Max	Sum of \$ Over Max
Financial Services Director	20	1	1	100%	\$8,456
Parks & Recreation Director	18	1	1	100%	\$37,456
Public Works Manager	18	1	1	100%	\$786
Assistant City Attorney Senior - Criminal	17	2	2	100%	\$22,872
Development Services Manager	17	1	1	100%	\$8,233
Planning Manager	17	1	1	100%	\$8,233
Utility Manager	17	1	1	100%	\$8,233
Systems Development Administrator	16	1	1	100%	\$4,839
Treatment Plant Process Engineer	16	1	1	100%	\$11,807
City Clerk	15	1	1	100%	\$20,907
Civil Engineer Senior	15	3	2	67%	\$41,814
Contracts and Risk Manager	15	1	1	100%	\$13,939
Human Resources Analyst Senior	15	1	1	100%	\$856
Senior Accountant	15	2	1	50%	\$856
Administrative Analyst Senior	14	1	1	100%	\$87



## Dollars over range maximum – by job

### Option 1 (cont'd)

Job Title	Grade	# of Incumbents in Job	# of Incumbents Over Max	% of Incumbents In Job Over Max	Sum of \$ Over Max
Human Resources Analyst II	14	1	1	100%	\$87
Parks Development Coordinator	14	1	1	100%	\$21,449
Special Events Supervisor	14	1	1	100%	\$87
Transportation Services Coordinator I	14	1	1	100%	\$22,239
Infrastructure Coordinator II	14	1	1	100%	\$22,239
Environmental Control Supervisor	13	1	1	100%	\$5,448
Recreation Supervisor	13	3	3	100%	\$48,168
Assistant City Clerk	12	1	1	100%	\$12,587
Environmental Control Officer II	12	3	2	67%	\$90
Equipment Mechanic Lead	12	1	1	100%	\$45
Executive Administrative Assistant	12	1	1	100%	\$10,778
Equipment Mechanic II	11	2	2	100%	\$788
Administrative Assistant	10	3	3	100%	\$23,860
Public Works Inspector II	10	3	3	100%	\$6,200
<b>Grand Total</b>		<b>263</b>	<b>39</b>		<b>\$363,439</b>



# Dollars under range minimum – by job

## Option 1

- This table shows which positions would fall under the range minimum for **Option 1** given their current salary, and the total payroll dollars associated.

Job Title	Grade	# of Incumbents in Job	# of Incumbents Under Min	% of Incumbents In Job Under Min	Sum of \$ Under Min
Planner II	14	1	1	100%	\$2,522
Emergency Communications Dispatcher	12	2	2	100%	\$1,548
Aquatics Specialist	11	1	1	100%	\$1,538
Police Office Assistant I	11	3	3	100%	\$21,400
Police Assistant I	11	1	1	100%	\$3,514
Permit Technician I	10	1	1	100%	\$2,528
Office Assistant I	10	1	1	100%	\$3,797
Utilities Maintenance Worker I	9	3	3	100%	\$6,774
<b>Grand Total</b>		<b>13</b>	<b>13</b>		<b>\$43,621</b>



## Dollars over range maximum – by job

### Option 2

- The tables on the next four slides show which positions would fall over the range maximum for **Option 2**, given their current salary, and the total payroll dollars associated.

Job Title	Grade	# of Incumbents in Job	# of Incumbents Over Max	% of Incumbents In Job Over Max	Sum of \$ Over Max
Financial Services Director	20	1	1	100%	\$2,056
Parks & Recreation Director	18	1	1	100%	\$37,456
Public Works Manager	18	1	1	100%	\$786
Assistant City Attorney Senior - Criminal	17	2	2	100%	\$22,872
Development Services Manager	17	1	1	100%	\$8,233
Planning Manager	17	1	1	100%	\$8,233
Utility Manager	17	1	1	100%	\$8,233
Systems Development Administrator	16	1	1	100%	\$4,839
Treatment Plant Process Engineer	16	1	1	100%	\$11,807
City Clerk	15	1	1	100%	\$20,907
Civil Engineer Senior	15	3	2	67%	\$41,814
Contracts and Risk Manager	15	1	1	100%	\$13,939
Human Resources Analyst Senior	15	1	1	100%	\$856
Senior Accountant	15	2	1	50%	\$856
Administrative Analyst Senior	14	1	1	100%	\$87



# Dollars over range maximum – by job

## Option 2 (cont'd)

Job Title	Grade	# of Incumbents in Job	# of Incumbents Over Max	% of Incumbents In Job Over Max	Sum of \$ Over Max
Human Resources Analyst II	14	1	1	100%	\$87
Infrastructure Coordinator II	14	1	1	100%	\$22,239
Parks Development Coordinator	14	1	1	100%	\$21,449
Special Events Supervisor	14	1	1	100%	\$87
Transportation Services Coordinator I	14	1	1	100%	\$22,239
Environmental Control Supervisor	13	1	1	100%	\$5,448
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Assistant City Clerk	12	1	1	100%	\$12,587
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Equipment Mechanic Lead	12	1	1	100%	\$45
Executive Administrative Assistant	12	1	1	100%	\$10,778
Equipment Mechanic II	11	2	2	100%	\$788
Administrative Assistant	10	3	3	100%	\$23,860
Public Works Inspector II	10	3	3	100%	\$6,200
<b>Grand Total</b>		<b>42</b>	<b>39</b>		<b>\$357,039</b>





## Dollars under range minimum – by job

### Option 2

- This table shows which positions would fall under the range minimum for **Option 2** given their current salary, and the total payroll dollars associated.

Job Title	Grade	# of Incumbents in Job	# of Incumbents Over Max	% of Incumbents In Job Over Max	Sum of \$ Over Max
Planner II	14	1	1	100%	\$2,522
Emergency Communications Dispatcher	12	2	2	100%	\$1,548
Aquatics Specialist	11	1	1	100%	\$1,538
Police Office Assistant I	11	3	3	100%	\$21,400
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Permit Technician I	10	1	1	100%	\$2,528
Office Assistant I	10	1	1	100%	\$3,797
Utilities Maintenance Worker I	9	3	3	100%	\$6,774
<b>Grand Total</b>		<b>13</b>	<b>13</b>		<b>\$43,621</b>



C

**Excluded Positions**



# Appendix C: Excluded Positions from the Compensation Study

## Public Safety:

- Police Sergeant
- Police Lieutenant
- Police Officer
- Firefighter
- Firefighter/Paramedic
- Fire Apparatus Operator
- Fire Captain
- Fire Battalion Chief
- Fire Marshal
- Fire Prevention Inspector
- Assistant Fire Marshal
- Fire Plans Examiner/Inspector

These positions were excluded from the compensation study because they are contracted positions that follow separate terms, conditions, benefits, etc. from the bulk of the City's population. As such, it is illogical to group them into pay structures with dissimilar positions within the City.



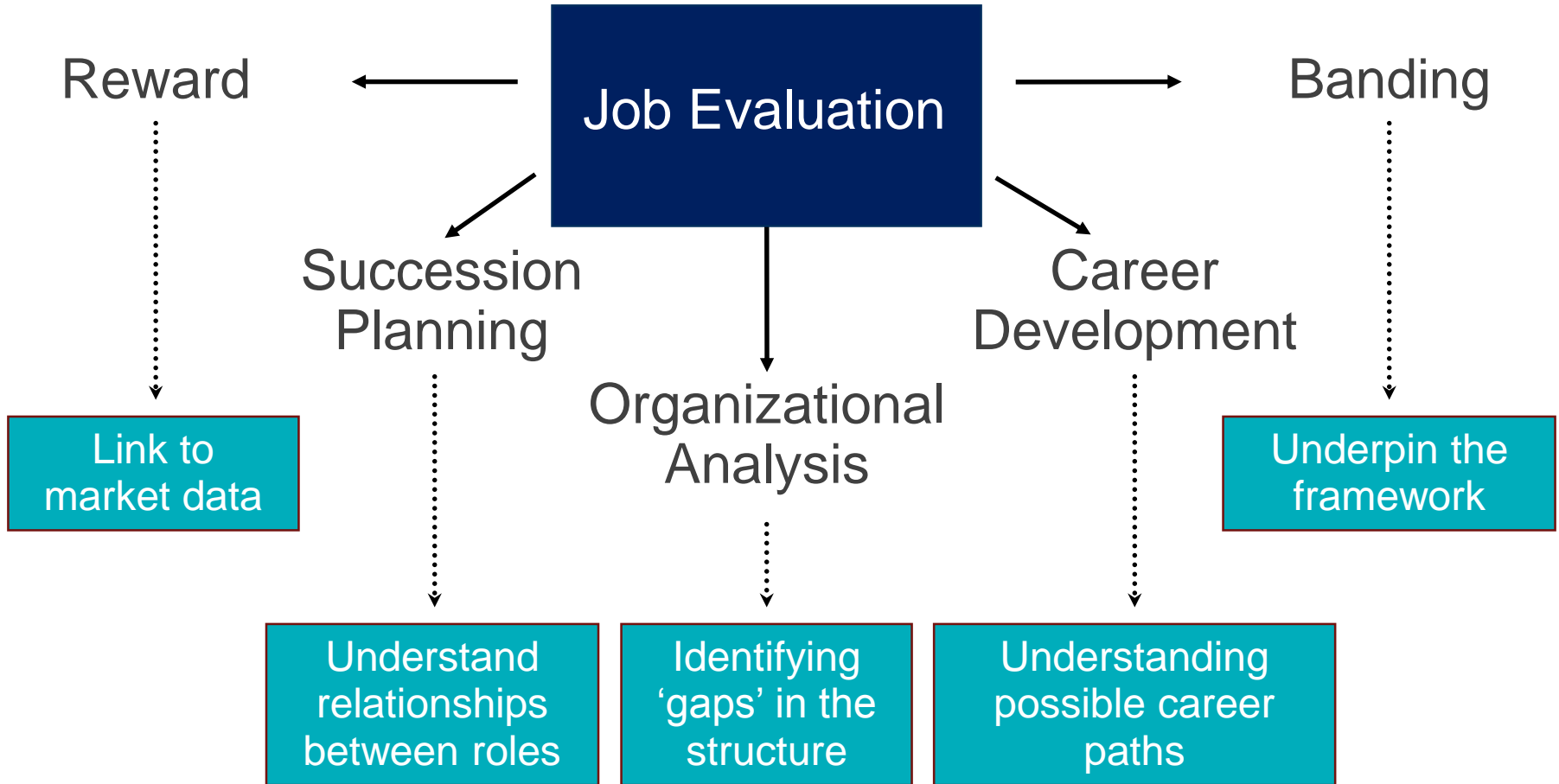
**D**

**Job Evaluation  
Methodology**

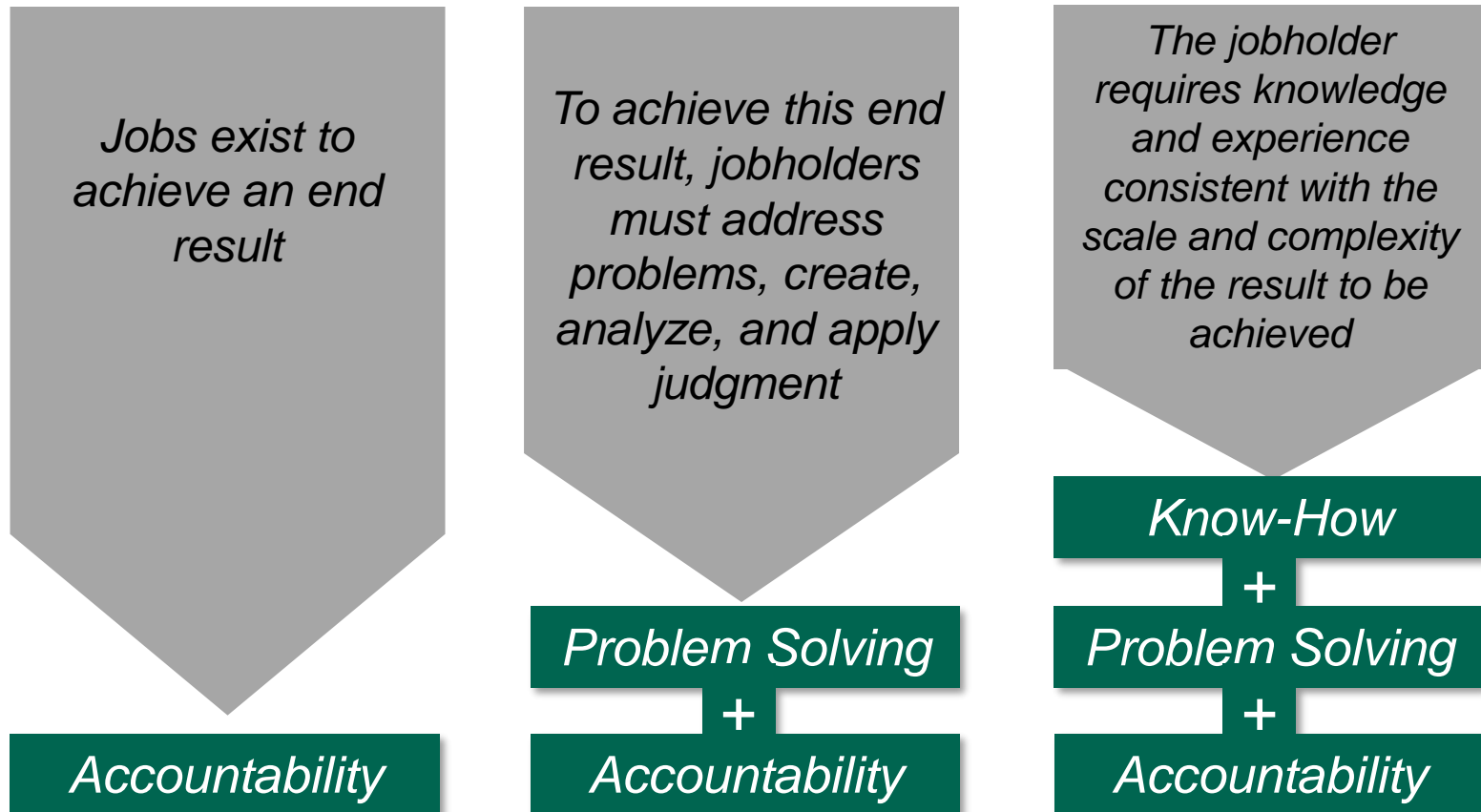


# Appendix D: Job Evaluation Methodology

## Multiple applications of job evaluation



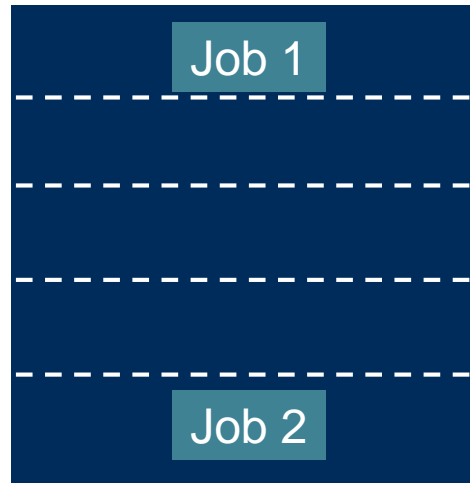
# Factors Used in Hay Group's Job Content Methodology



The Hay Group method uses three universal compensable elements to measure the relative size of jobs.



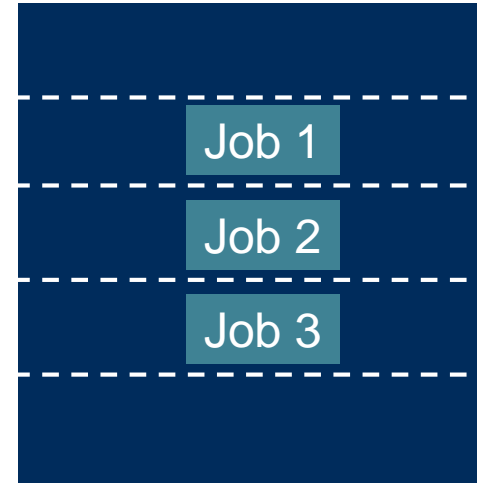
# The Distance Between Jobs Matters



- Job 1 can lead, but cannot manage
- Gap too large to bridge
- External sourcing
- High level of risk to the organization



- Effective management (subject matter as well as general leadership)
- Employee development, career pathing, and succession
- Moderate risk to organization



- Micro-management
- Slow decision-making
- Under-utilize and frustrate good people
- What is the value-added of each layer?
- Level of risk to organization?



# Work Comparison Process

## When comparing one job to another...

Reference Level		
11	No step	■ Not a significant difference in size.
12	One step	■ Just noticeable difference, perceived only after careful thought.
13	Two steps	■ Clear difference, quite evident after some consideration.
14	Three steps	■ Very obvious difference, needing little or no consideration.





**Thank you**