



**CITY OF WAUWATOSA**  
**EMPLOYEE RELATIONS COMMITTEE**  
**MINUTES • JUNE 25, 2013**

**Regular Meeting**

**Common Council Chambers**

**7:00 PM**

7725 West North Avenue, Wauwatosa, WI 53213

**EMPLOYEE RELATIONS COMMITTEE ITEMS**

<b>Attendee Name</b>	<b>Title</b>	<b>Status</b>	<b>Arrived</b>
Kathleen Causier	Aldерwoman	Present	
Craig Wilson	Alderman	Present	
Tim Hanson	Alderman	Excused	
Jill Organ	Aldерwoman	Excused	
Cheryl Berdan	Aldерwoman	Present	
Paulette Enders	Development Director	Present	
Chris Fox	Police Lieutenant	Present	
James Archambo	City Administrator	Present	
Anthony Brown	Asst. to Administrator	Present	
John Ruggini	Finance Director	Present	
Beth Aldana	HR Director/Asst. City Atty.	Present	
James Wojcehowicz	Water Superintendent	Present	
Karl Schreiber	Permit Technician	Present	
Klair Verbanec	Water Maintenance	Present	
Charles E. Carlson	Consultant	Present	

**2. Classification/Compensation Study and Policy Review presented by Carlson Dettmann Consulting**

Mr. Carlson of Carlson Dettman Consulting presented an overview of the Classification/Compensation Study and three compensation policy options.

Mr. Carlson explained that Carlson Dettman's general compensation policy approach strives to balance internal equity and fairness with market competition. The firm also recommends one pay plan for all staff, except police and fire, and a compensation policy that emphasizes performance management.

Mr. Carlson described the job evaluation process performed by Carlson Dettman Consulting. This process was the first step of the Compensation Study. City staff completed Job Description Questionnaires in early 2013. The consultants then used these documents to grade each position by five criteria including education and required experience, decision-making, thinking challenges, communications and working conditions.

Ald. Wilson asked how the ratings were assigned point value.

Mr. Carlson explained that each position was scored based on the experience necessary to qualify for the position, the extent and nature of decisions made, the level of problem solving required, the necessary interactions and the level of effort required. A rating guide and point matrix were used to award points for each factor pertinent to job performance.

Mr. Carlson explained that the City currently recognizes 130 job classifications. From their research, Carlson Dettman suggests that the City allocate positions into uniform grades with 50-point intervals.

Mr. Carlson described the external study of market rates performed by the firm. The Carlson Dettman consultants matched 42 benchmark positions to market data from multiple sources including custom public sector surveys, Bureau of Labor statistics, Towers Watson data and Milwaukee Area Compensation Association data. This market data was a sample that covered thousands of area employees.

Mr. Carlson explained that the City must decide where to position itself in the labor market. This future policy decision will greatly influence the new pay plan structure. Mr. Carlson noted that the City is currently providing a high level of compensation in comparison to the market.

Mr. Carlson stated that the firm applied data weighting in their market study based on the recruitment and retention experience of the City. Mr. Carlson stated that the City most often hires department heads and managers from the public sector. He noted that supervisory and professional positions are filled from the public and private sectors in equal numbers, and non-exempt positions are most often filled from the private sector.

Mr. Carlson presented a graph of the market line which illustrated the correlation between median market estimates and the job evaluation scores calculated by the firm. Linear regression analysis was used to examine the correlation. The analysis revealed a correlation coefficient of 0.93. Mr. Carlson explained that the job evaluation system explains 93% of the variance in market pay.

Ald. Wilson inquired if the graph plotted the City's current employee pay data.

Mr. Carlson stated that current employee pay data was not included, only the market data collected by his team was represented on the graph.

Mr. Carlson explained that the three options presented include an assumption. The options assume the City wants to position the pay plan to approximate market average salaries. He noted that this is another policy decision for the City to consider. If the City decides to pursue a pay plan that reflects approximate market average salaries, the middle point value of each job evaluation grade can be used to calculate a pay range control point.

Mr. Carlson explained that the current City pay structure is a step system for traditional non-represented staff with 13 steps in annual 3% increments and a variety of plans for former union positions. He recommended that the City move towards a pay structure that emphasizes performance management with a pay range spread of at least 35-40%.

Mr. Carlson presented options A, B and C as possible pay plan structures.

Mr. Carlson described Option A as a revised step plan. This pay structure would be a step system with steps equaling 2.5% of the range control point. He explained that this plan is similar to the current non-represented pay structure, but with smaller steps and a smaller range spread of 28.5%. Progression in Option A would be based on annual performance and would require employees to at least meet expectations.

Ald. Causier asked Mr. Carlson to further explain the range spread.

Mr. Carlson explained that the range spread is the range of pay from the minimum to the maximum rate for each grade.

Ald. Wilson asked if the new plan would limit an employee's ability to receive pay increases if they remained in the same position or grade level.

Ms. Aldana noted that these examples do not consider cost of living increases. She also noted that red circling will affect some employees in each of the three options presented. She stated that red circling occurs when an employee is currently paid at a higher rate than the new pay plan. If an employee's current pay rate exceeds their pay rate on a new plan, their pay rate would freeze until the new pay plan caught up to their current rate.

Ald. Wilson asked Mr. Carlson if the step length is one year in these options and if Carlson Dettman would suggest varying the step length.

Mr. Carlson said that altering step length is possible, but he would not suggest varying step length as it would require a complicated structure. He confirmed that the pay plan options include steps of one year.

Mr. Carlson described Option B as an open range plan. This type of pay structure would have a minimum, control point and maximum, but no fixed steps. This structure would have a larger spread of 50% and would establish a merit pay matrix to manage progression. Mr. Carlson gave examples of 3% for meeting expectations, 4% for exceeding expectations and 5% for substantially exceeding expectations. This type of pay schedule would be adjusted periodically based on market changes.

Ald. Wilson asked how the current salaries would fit into an open range plan.

Mr. Carlson explained that Council policy decisions will guide the specific application of an open range plan.

Ms. Aldana expressed concern that Option B may result in all employees achieving the highest level of merit based increase.

Mr. Carlson explained that while this result is possible, the City can avoid this situation by writing policy that controls the performance review process and the distribution of merit pay.

Mr. Carlson described Option C as a combination plan that uses both step and open range concepts. This type of plan would have steps of 2.5% from the minimum to the control point and then merit-based progression between the control point and the maximum, similar to the open range plan.

Ald. Berdan noted that the pay plans including merit based pay are subjective.

Mr. Carlson explained that the City must choose the pay plan that makes sense. The plan should be internally equitable, reflect market rates and support employee development. In addition, he stated that employees would have the opportunity to earn more based on contributions in a performance management system. Finally, he explained that the pay plan should be one that can be funded and maintained consistently.

Mr. Carlson explained that the c/ratio is the relationship between current pay and the pay range control point. The overall c/ratio of the new plan based on Carlson Dettman's market estimate study is 112.5%. This means

that the current City pay plan is 12.5% above the market rate. He explained that there will be extensive red circling under any of the three options.

Mr. Carlson recommended that the City disregard Option A due to high expected levels of red circling. Approximately 40% of the City workforce would be red circled under Option A. He stated that Option B is the ideal future pay plan, but that Option C would be the easiest plan to implement and still take the City towards a pay plan that emphasizes performance management.

Ms. Aldana explained that the 12.5% calculation was a simple comparison of current City rates against market rates. The City currently pays 12.5% above the market rate.

Lt. Fox asked if the c/ratio would fluctuate based on staffing levels and if the study was based on current data.

Mr. Carlson noted that use of overtime as well as retirements would cause fluctuations. He confirmed that the data used for the current study was new and based on the City's workforce in early 2013.

Ald. Causier asked if anyone else in the audience had questions or comments.

Mr. Archambo commented that Option B is the ideal pay plan down the road, but that Option C would be easier to implement in the current environment.

Mr. Carlson explained that either option would require significant effort by the City to form policy, plan and implement.

Ms. Aldana explained that if the Council chooses to pursue a performance pay plan, the Council must provide strong support for implementation and ongoing administration. Ms. Aldana urged that a pay for performance plan will fail without strong support from the Council.

Mr. Carlson explained that employees are not always happy with the outcome of a pay for performance plan. The Council must understand what they are committing to when they choose this type of approach.

Ms. Aldana noted that the blended approach described as Option C would be the easiest to implement and it would establish a baseline for any shifts toward open range plans in the future.

Ald. Wilson asked how many employees would be above the control point in Option C.

Mr. Carlson stated that 20% of current employees are below the control point, or midpoint, and 80% of current employees are above the control point.

Ald. Wilson thanked Mr. Carlson for the presentation and requested that a future meeting be scheduled to allow other alderpersons to attend.

Mr. Carlson explained that he did not expect an immediate decision. Mr. Carlson suggested a Committee of the Whole meeting on the subject.

Ald. Wilson stated that the Employee Relations Committee would need time to review the information presented before sending this item to the whole Council. He requested that Mr. Carlson provide more

information to the committee on July 9, 2013 including a comparison of current pay rates to job evaluation scores and a fiscal profile for each of the options presented.

Ald. Causier echoed Ald. Wilson's desire to hold this item at the committee level until July 9, 2013 to give the committee members time to review the information presented and to allow the two absent committee members equal access to this discussion.

Moved by Ald. Wilson, seconded by Ald. Causier to hold this item until July 9, 2013 for further discussion of the information presented and review of the additional requested information from Carlson Dettman Consulting - Ayes: 3

The meeting adjourned at 8:08pm.

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Carla A. Ledesma, CMC, City Clerk