

TOWN OF  
**QUEEN CREEK**  
ARIZONA

# Classification and Compensation System and Study

May 15, 2013





# History

- Fox Lawson & Associates Study in 2006 created current classification and compensation system
- Built for an organization to grow to 500 employees. It was predicted to reach that number by 2016 – 2018.
- Fox Lawson created 60 general classifications with several layers of supervision
- Created salary ranges in a broadband fashion with a minimum and maximum salary for recruitment purposes and growth
  - Example: Engineer, \$55,924 - \$79,222



# History cont.

- Ranges were based on a market survey of benchmark positions
  - Sample of common positions found in the municipal market
- Employees were to move through the range through merit increases based on a step system and performance evaluation system
  - Anywhere from 3 – 6%
- The ranges (minimum and maximum values) were to move base on cost-of-living increases (COLAs)
  - Anywhere from 1.5% - 3%



# What Has Occurred since Fox Lawson Study?

- Economy forced Town Manager to change the classification and compensation system
- Flattening of the organization by collapsing several departments, including Public Works, Parks and Recreation, Communications and Marketing, & Transportation
  - Also eliminated some levels of supervision
- Created new Utilities Department and Fire Department that was not envisioned in Fox Lawson study
- For FY 2009, moved to a 37.5 hour workweek resulting in 6.25% cut in hours and pay.



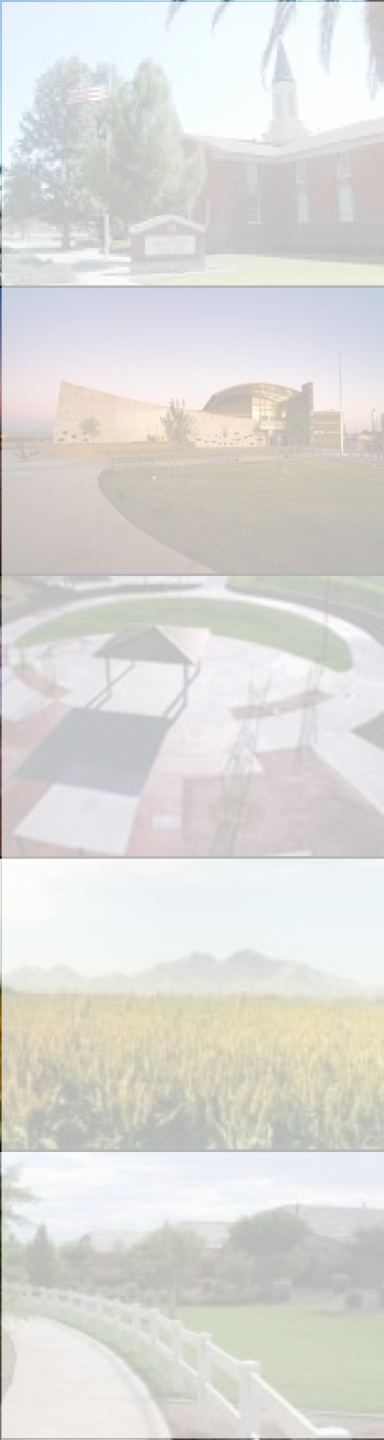
# What has occurred since cont.

- Since 2006, no market reviews were completed (recommended by study to be done every two – three years)
- Merit increases were cut in half in 2008 and 2009. No merit increases last three years.
- No COLA's since 2008
- Layoffs and flattening of organization have resulted in some remaining staff members broadening their positions with additional tasks and responsibilities
- Town's full-time equivalents (FTE's) has remained flat and the growth was never realized



# What has Occurred cont.

- Partial restoration of pay was commenced last year (2012) through a 1.5% base pay adjustment
- Remaining restoration of 4.75% being proposed for 2013 along with the return to 40-hour workweek
- The Town's first significant market review was completed as part of Town Manager's recommended budget for this next year



# Market Review vs. Classification and Compensation Study

- A market review is limited in scope and based on current and established salary ranges in market (other municipalities)
  - Based on current job descriptions
- Normally completed by in-house staff based on pay philosophies established by a Class and Comp study
  - The pay philosophy used in recent market survey report was utilizing a conservative median of the market (middle)



# Market Reviews vs. Class and Comp Study cont.

- A comprehensive class and comp study
  - Ensures proper job descriptions are accurate through in-depth questionnaires and interviews
  - Ensures an appropriate hierarchy of jobs are established for future growth
  - Ensures pay philosophies are established, updated and approved for future market reviews
  - A new pay structure is developed with recommendations of salary ranges, merit increases, bonuses, reclassification increases, and redlined strategy
- Normally completed by a third-party





# Advantages of Performing a Class and Comp study

- Should be completed every 7 to 10 years
- Provides the Town a template to ensure salaries are based on the importance and value of each classification to the organization
- Assists in attracting a high-performing workforce
  - Corporate Strategic Plan, KRA-5, Goal 2 – Continue progressive strategies to attract and retain high-performing staff.

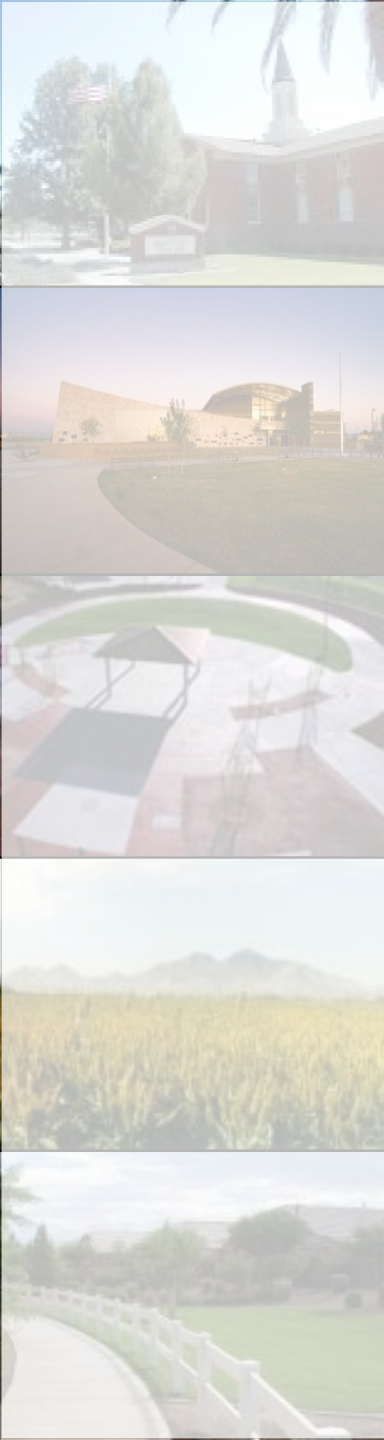


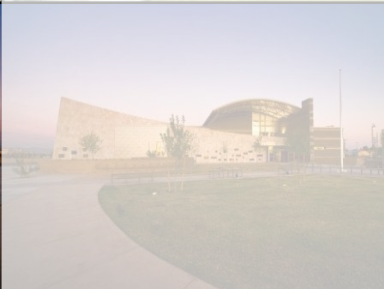
# Advantages cont.

- Improves employee retention through offering competitive salaries, aligning critical needs (job enlargement), and motivates by rewarding performance
- Creates a flexible compensation and classification plan that moves with internal and external forces
- Works in conjunction with an effective performance evaluation process to compensate employees based on performance (merit pay)

# Conclusion

- City of Scottsdale, Town of Gilbert, and City of Phoenix have recently completed similar studies, with others considering it
- Approximate cost would be around \$40,000
  - Completion date goal would be January 2014, with any recommended salary changes and pay philosophies to be ready for next year's budget preparation





Questions?