

City Council – Action Request Form

Date: June 7, 2018

To: Lee Garrity, City Manager

From: Carmen Caruth, Human Resources Director

Council Action Requested:

Consideration of a Resolution Approving Merit Pay for Eligible City Employees, Amending Article II of the City of Winston-Salem Personnel Resolution Regarding Changes to the Pay Plans, and Amending Article III of the City of Winston-Salem Personnel Resolution Regarding Observance of Veterans Day as a Legal Holiday

Summary of Information:

Merit Pay Adjustments

The City’s Personnel Resolution indicates that all full time and part time City employees and temporary City employees certified for benefits are eligible for merit increase consideration after their annual June 30 performance evaluation. The amount and type of merit increase consideration is included in the City Manager’s annual recommended budget to the Mayor and City Council.

For FY 2018-19, the Finance Committee has recommended merit pay adjustments for performance based on the following performance ratings: 1.5% - Solid Performer, 2% - Strong Performer, and 3% - Top Performer. Employees who receive a Low Performer (needs development) or a Non-Performer (unsatisfactory) performance rating are not eligible for the merit adjustment until the successful completion of a performance improvement plan and a minimum Solid Performer rating on the required follow-up performance review.

Part-time employees and eligible employees who have been employed with the City for less than the full performance year (July 1, 2017 – June 30, 2018) will receive a prorated merit adjustment based on the number of hours they are authorized to work for part-time employees or the number of pay periods they have been employed for new hires, provided the employee receives at least a Solid Performer rating.

Committee Action:

Committee	<u>Finance 6/11/18</u>	Action	<u>Approval</u>
For	<u>Unanimous</u>	Against	<u></u>

Remarks:

Market Pay Study and Pay Plan Adjustments for Administrative, Professional, Technical, Supervisory, and Managerial Positions

In FY 2018-19, City staff contracted with the North Carolina League of Municipalities to retain a consulting firm, Springsted, to conduct a comprehensive study that assesses the market competitiveness of City employees' salaries with those of other North Carolina municipalities and to develop strategies for addressing lagging market pay concerns.

The first part of the study was conducted in FY 2016-17 and included 118 labor/trades/crafts and six sworn police positions, impacting a total of 1,233 employees. The second part of the study was conducted in FY 2017-18 and included the remainder of City positions, representing 1,589 employees in administrative, professional, technical, supervisory, managerial, and all public safety positions. The consultant determined that while the City's benefits package is competitive with those of other North Carolina municipalities, entry level rates of pay lag 6.09% behind the market for administrative, professional, technical, supervisory and managerial positions and 1.66% behind the market for certified and sworn public safety positions.

Based on the consultant's recommendations, the Finance Committee recommends that:

(1) the City adopt a 30-grade pay plan, the Revised General Pay Plan, which more closely reflects the average market minimum, midpoint and maximum pay for the non-public safety positions studied;

(2) the minimum hourly rate of pay for this new pay plan be set at \$12.50, with consideration of future adjustments that raise minimum hourly rates of pay to \$15.00/hour by 2021;

(3) employees on this pay plan whose current salaries are below the proposed new pay plan minimums for their respective pay grades receive pay adjustments of at least 2% that bring those salaries to the new pay plan minimums;

(4) employees on this pay plan whose current salaries are above the proposed new pay plan minimums, but below the new pay plan maximums for their respective pay grades, receive a 2% pay adjustment to address compression resulting from increasing the pay plan minimums;

(5) employees on this pay plan whose current pay is above the new pay plan maximums for their respective pay grades receive no adjustment for the implementation of the new pay plan; however, any person employed with the city as of the adoption of the aforementioned recommendations would receive merit pay adjustments to their base salary (corresponding with their performance ratings) even if the adjustment results in their base salaries exceeding the maximum of their pay grade.

Implementation of these recommendation will result in more market comparable hiring salaries for these positions. The FY 2018-19 proposed budget includes \$734,640 (\$559,070 – General Fund) to implement these recommendations, effective April 8, 2019.

Market Pay Study and Pay Plan Adjustments for Sworn Police and Certified Fire Positions

The Finance Committee further recommends that:

(1) the City implement a Public Safety Pay Plan that includes 20 pay grades which more closely reflect the average market minimum, midpoint and maximum pay for certified Fire and sworn Police positions in the study;

(2) employees on this pay plan whose current salaries are below the proposed new pay plan minimums for their respective pay grades receive pay adjustments of at least 2% that bring those salaries to the new pay plan minimums;

(3) employees on this pay plan whose current salaries are above the proposed new pay plan minimums, but below the new pay plan maximums for their respective pay grades, receive a 2% pay adjustment to address compression resulting from increasing the pay plan minimums;

(4) employees on this pay plan whose current pay is above the new pay plan maximums for their respective pay grades receive no adjustment for the implementation of the new pay plan; however, any person employed with the city as of the adoption of the aforementioned recommendations would receive merit pay adjustments to their base salary (corresponding with their performance ratings) even if the adjustment will result in their base salaries exceeding the maximum of their pay grade;

(5) the annual mid-year 2% public safety supplement be implemented for all certified Fire and sworn Police employees with at least one year of tenure.

Implementation of these recommendations would increase Police Officer starting pay by 5% to \$41,443 and Firefighter starting pay by 17% to \$39,470 (not including, education, military or Spanish language incentives).

The FY 2018-19 proposed budget includes \$517,400 (General Fund) to implement the market pay study recommendations, effective April 8, 2019 and \$723,330 (General Fund) to implement the 2% public safety supplement, effective January 14, 2019.

Order of Recommended Pay Adjustments

The order of the aforementioned pay adjustments is as follows:

1. adjust all eligible City employees' salaries for merit pay consistent with the amount that correlates with their performance appraisal rating (Effective July 2, 2018)
2. adjust salaries of all certified Fire and sworn Police employees with at least one of tenure by 2% for the public safety supplement (Effective January 14, 2019)
3. adjust Revised General Pay Plan and Public Safety Pay Plan employees' salaries that are below the new pay plan minimums, by at least 2%, up to the new minimum (Effective April 8, 2019)

4. adjust Revised General Pay Plan and Police Pay Plan employee salaries that are above the proposed new pay plan minimums but below the new pay plan maximums for their respective pay grades by 2% for compression (Effective April 8, 2019)

Observance of Veterans Day as a Legal Holiday

Currently, the City observes the following days as holidays with pay for eligible City employees: New Year's Day, the third Monday in January for Martin Luther King, Jr.'s birthday, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the day following Thanksgiving Day, Christmas Day, and a day designated by the City Manager (floating holiday). When one of the authorized holidays falls on Saturday, the preceding Friday is observed as a holiday. When a holiday falls on Sunday, the following Monday is observed as a holiday.

According to a survey conducted by the NC League of Municipalities, of North Carolina cities with populations over 100,000, the following city governments observe Veterans Day, in addition to the other holidays that the City of Winston-Salem observes: Cary, Charlotte, Durham, Fayetteville, Greensboro, Raleigh and Wilmington. The one exception is the floating holiday which only the City observes. However, the other cities observe two or three days at Christmas which the City does not. Forsyth County government also observes Veterans Day.

The accompanying resolution designates Veterans Day as a legal holiday observed by the City beginning on November 12, 2018.