



**Board Administrative Committee
August 14, 2019**

SUBJECT:

Approve and Authorize Classification and Compensation Study Results

BACKGROUND:

The Board of Directors of Eastern Municipal Water District (District) authorized the execution of the current Memorandum of Understanding (MOU) with International Brotherhood of Electrical Workers (Union), Local 1436 on August 17, 2016. Included in the MOU was to engage a consultant to perform a Classification and Compensation Study (Study). The last full Study performed by the District was in 2007.

A competitive Request for Proposal (RFP) process was undertaken collaboratively with IBEW, and Koff and Associates (Koff) was selected. On March 15, 2017, the Board approved and authorized the General Manager to execute a contract with Koff and initiate the Study April 2017.

The Study consisted of two phases:

- Phase I – Classification Study, Review and Update; and
- Phase II – Compensation Study, Review - Comparison to Comparable Agencies and Internal Alignment of Positions.

The ten comparable agencies agreed to by the District and Union for the Study are as follows:

1. Alameda County Water District
2. City of Riverside Public Utilities
3. Coachella Valley Water District
4. Elsinore Valley Municipal Water District
5. Inland Empire Utilities Agency
6. Irvine Ranch Water District
7. Orange County Sanitation District
8. Orange County Water District
9. Rancho California Water District
10. Western Municipal Water District

Both phases of the Study have been completed. Final Reports prepared by Koff are attached as Exhibit A and Exhibit B, respectively.

Phase I - Classification Study:

The classification phase consisted of employees completing orientation sessions and Position Description Questionnaire's (PDQ). Koff held employee interviews, revised job descriptions,

and completed position allocations. Employees were provided the opportunity to review the completed job descriptions and position allocations. During this phase, over 320 PDQ's were submitted, 122 individual and 84 group employee meetings were held, in addition to numerous follow up interviews. Based on the information gathered from interviews and PDQ's:

1. Classification series were updated and, in some cases, consolidated to broad classes where the work performed was sufficiently similar (e.g. Air Quality/Environmental Compliance/CEQA classes and Light/Heavy Fleet Technician series);
2. Current classifications were reviewed and recommendations were provided to consolidate or re-title. All employees were notified as to either 1) no change, 2) title change, or 3) reclassification. District received responses from 195 employees with no changes or comments, 248 had job description changes of which approximately 50 were comments on title and classification changes;
3. Input received from employees was evaluated by Koff, and appropriate revisions were made to job descriptions, titles and/or classifications. Employees were notified of the outcome of their proposed changes. Approximately 75 percent of the requested changes were either partially or fully implemented, and the remaining 25 percent required no changes; and
4. Revised job descriptions were made available in draft form to employees and will be considered final upon approval by the Board of Directors.

Phase I of the Study was completed December 2018.

Phase II- Compensation Study - Comparison to Comparable Agencies and Internal Alignment of Positions:

Methodology for Review and Comparison to Comparable Agencies

Phase II of the Study is based on total compensation, as agreed upon during negotiations between the District and the Union. Total compensation is a cumulative amount which includes: base wages, health benefits, retirement (e.g. PERS), other tangible benefits (e.g. paid time off, life insurance, and dental), and other post-employment benefits (OPEB).

Koff utilized information obtained during the classification stage of the Study to ensure a complete understanding of reporting relationships, functional areas of responsibility, and internal relationships and alignment with other classifications in the job series and within the District. This information was used to ensure accurate benchmarking of classifications to comparable agencies. A 70 percent comparison match was used as criteria to identify the benchmarked classifications. Comparisons were made using the median of data collected from the comparable agencies.

In addition, through the meet and confer process, the Union and the District agreed to Classification and Compensation Study Guiding Principles (Guiding Principles). The goal of the Guiding Principles was to establish a clear understanding between the Union and the District regarding the assumptions, interpretation of data, and the process for completing the

compensation phase (Phase II) of the Study. Phase II of the Study was completed July 2019.

Results of Comparison to Comparable Agencies and Internal Alignment of Positions

A total of 140 benchmark classifications were selected in order to collect salary and benefits data within the defined labor market. A total of sixty-four (64) classifications were benchmarked (Exhibit C). Total compensation market results show that thirty-three (33) of the classifications are above the market median, and thirty-one (31) classifications are below the market median. Koff provided Market Compensation Data Sheets for each benchmarked classification (Exhibit D).

Overall, comparisons of base salaries versus total compensation revealed that when the District's benefits package and annual Cost of Living Adjustments are factored in, the District has remained relatively competitive for most positions. Further analysis indicates that, on average, classifications are 9.9 percent *below* the market median for base salaries; while that figure changes to 0.1 percent *above* the market median for total compensation; a 10 percent difference.

Due to the unique nature of many of the EMWD job classifications, numerous classifications could not be directly benchmarked based upon the established Study criteria. For these positions, Koff utilized the salary levels established for identified benchmark classes and recommended internal salary alignments with current job series at the District. In some circumstances, revised job classifications or other factors warranted adjustments to the recommended alignments.

Based upon the results of the study, staff's recommendation to the Board is that adjustments be approved to insure the maximum salary of all classifications results in total compensation within the 50th to 60th percentile of the comparators.

For classifications that were found to be under the 50th percentile, recommended salary range adjustments place total compensation for the classifications at or between the 50th and 60th percentile. For classifications in which the maximum salary was found to be over the 60th percentile, salary range adjustments are recommended to place total compensation for the classification closest to the current maximum, without exceeding the 60th percentile. There are two minor exceptions where classifications are recommended at slightly above the 60th percentile due to internal alignment and organizational issues.

With regard to employee salary placement, if total compensation for an employee's classification is below the 50th percentile (under market), the employee's salary is recommended to be increased and placed in the step within the new range at the hourly rate closest to their current rate. If total compensation for an employee's classification is at or between the 50th to 60th percentile (within market range), the employee's salary is recommended to be placed within the new range at the hourly rate closest to their current rate. In an employee's hourly rate is between two steps, the employee is recommended for placement at the higher step. Finally, if total compensation for an employee's classification is

above the 60th percentile (over market), it is recommended that the employee's salary be "Y" rated.

The term "Y" rating means an employee will continue at their current rate of pay and will not be eligible for merit increases until the maximum salary of the classification is raised to an amount at or above the rate of pay they are receiving. However, the employee will be eligible for a Cost of Living Adjustment (COLA) based upon the maximum salary of their classification. Normally employees will typically transition out of "Y" ratings through annual COLA increases to their respective classifications.

Implementation

The District and Union have met and conferred and have come to a tentative agreement to implement revised job descriptions, classification allocations, internal alignments, classification salary range placements, Classification and Salary Schedule (Exhibit E), and Salary Schedule of Ranges (Exhibit F). Should the Board approve the staff's recommendations, changes would be implemented as soon as practicable for all employees. However, the Union will be seeking a vote from its membership for the represented classifications and implementation for those employees would be contingent upon the results of that vote. If the vote is delayed beyond the time at which changes to non-represented classifications have been implemented, salary adjustments for represented employees would not be retroactive.

Once approved and implemented, the revised Classifications and Salary Schedule, and Salary Schedule of Ranges will be presented to the Board for adoption by Resolution.

FINANCIAL IMPACT:

The estimated Fiscal Year 2019-20 and 2020-21 total combined financial impact for implementation of the compensation study is estimated to be \$1.53 million. This cost was incorporated in the approved Fiscal Year 2019-20 and 2020-21 biennial budget.

STRATEGIC PLANNING GOAL/OBJECTIVE:

Recruit and retain highly qualified, diverse and productive employees providing competitive compensation and opportunities for career development, and advancement.

ENVIRONMENTAL IMPACT:

None

RECOMMENDATION:

Approve and authorize the General Manager to implement the revised Job Descriptions, Classification and Salary Schedule, and Salary Schedule of Ranges based on the results of Study.

SUBMITTED BY:



Paul D. Jones II, P.E., General Manager

8/12/2019



Laura Nomura, Deputy General Manager

8/6/2019

Attachment(s):

Exhibit A - Phase I Koff Final Classification Study Report

Exhibit B - Phase II Koff Final Compensation Report

Exhibit C - Koff Report of EMWD Results Benchmarked Classifications

Exhibit D - Koff Market Compensation Data Sheets for Benchmarked Classifications

Exhibit E - Proposed Classification and Salary Schedule

*Exhibit F - Proposed Salary Schedule of Ranges
Presentation*

09/04/19 Board Meeting

Staff Contact: Laura Zamora