



# Classification and Compensation Study Results

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# Background

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- Board authorized execution of Memorandum of Understanding (MOU) August 2016
- Included in the MOU – Agreement to conduct a full classification and compensation study
- Competitive Process through RFP- collaborative effort with IBEW (Union)
- Koff and Associates was one of two considered and were selected based on established criteria (e.g. experience, references, scope of work, and response to RFP)
- Board approval to execute contract – April 2017

# Koff and Associates

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- Founded in 1984
- Provide public sector human resources services:
  - Classification and Job Analysis
  - Compensation and Plan Development
  - Performance Management
  - Organizational Planning and Development
  - Recruitments
  - Human Resources Audits
  - Employee/Labor Relations
- Staff Introductions:
  - Debbie Owen – Senior Project Manager
    - 20+ years experience in public sector compensation consulting
  - Georg Krammer - Chief Executive Officer
    - 20+ years Human Resources Management experience

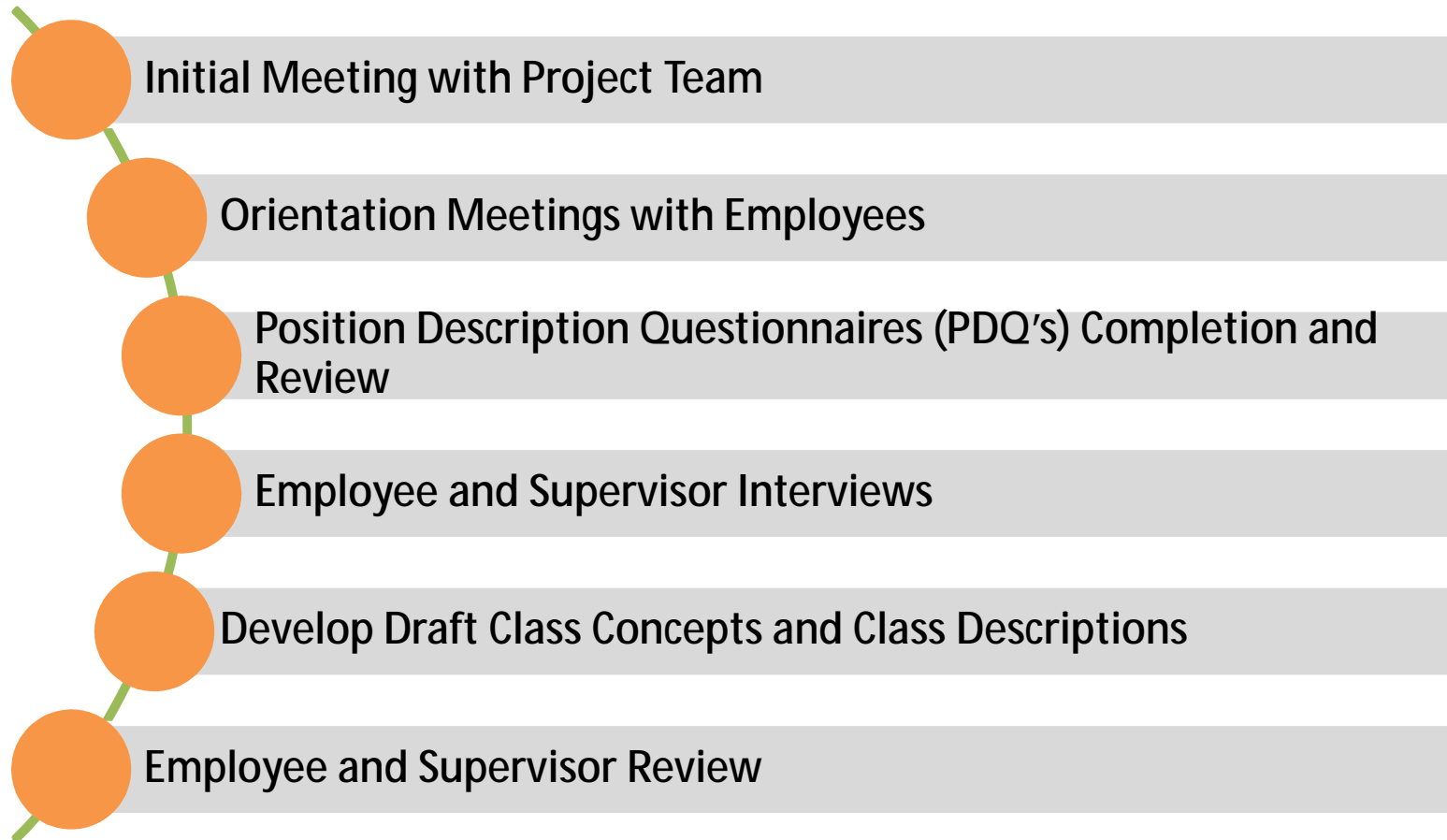
# Purpose of Study

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- Strategic goal:
  - “Recruit and retain highly qualified, diverse and productive employees by providing competitive compensation and opportunities for career development, and advancement”
- Phase I- Classification Study:
  - Review and update classifications and job descriptions
  - Ensure relevance and accuracy
- Phase II- Compensation Study:
  - Benchmark total compensation (e.g. base salaries, benefits) and update salary ranges to be competitive
  - Ensure competitiveness when recruiting and recognize internal value

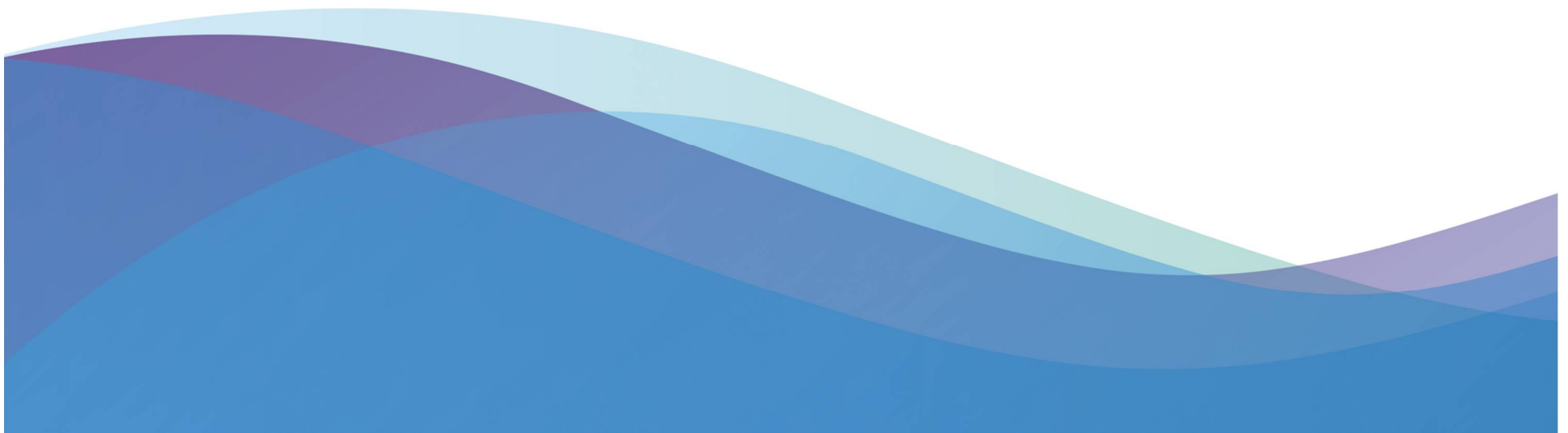
# Phase I- Classification Process

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# Phase I- Classification Study April 2017 - December 2018



# Phase I- Classification Process

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- Employee interviews
- Number of PDQ's received – 320+
- Many were group PDQ's
- Number of on-site interviews
- Individual – 122
- Group – 84
- Does not include follow up interviews conducted after site meetings



# Phase I- Classification Process

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- Developed new classification series based on employee and management input/organizational changes
- Collapsed series where there were no differences among certain levels and customized series to the level of work performed; examples include:
  - Laboratory Analyst series
  - Customer Service
- Consolidated broad classes where the work performed was sufficiently similar; examples include:
  - Air Quality/Environmental Compliance/CEQA NEPA classes





# Phase I- Classification Results

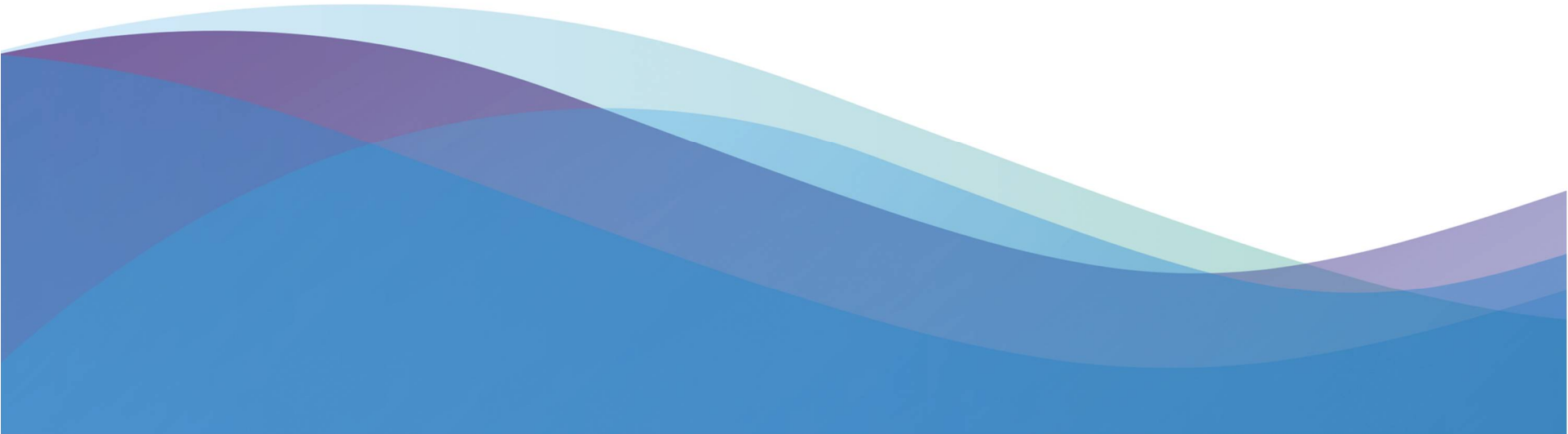
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- Finalized December 2018
- New format Job Descriptions developed:
  - Created consistent language throughout job descriptions for class characteristics, flexible staffing, supervision received and exercised, and other sections
  - Developed 227 new/revised job descriptions
- Classification Allocations/Changes:
  - No change – 415 employees
  - Title change – 145 employees
  - Reclassifications – 14 employees





# Phase II- Compensation Study July 2018 - July 2019



# Phase II- Compensation Process

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Comparator Agencies (10)

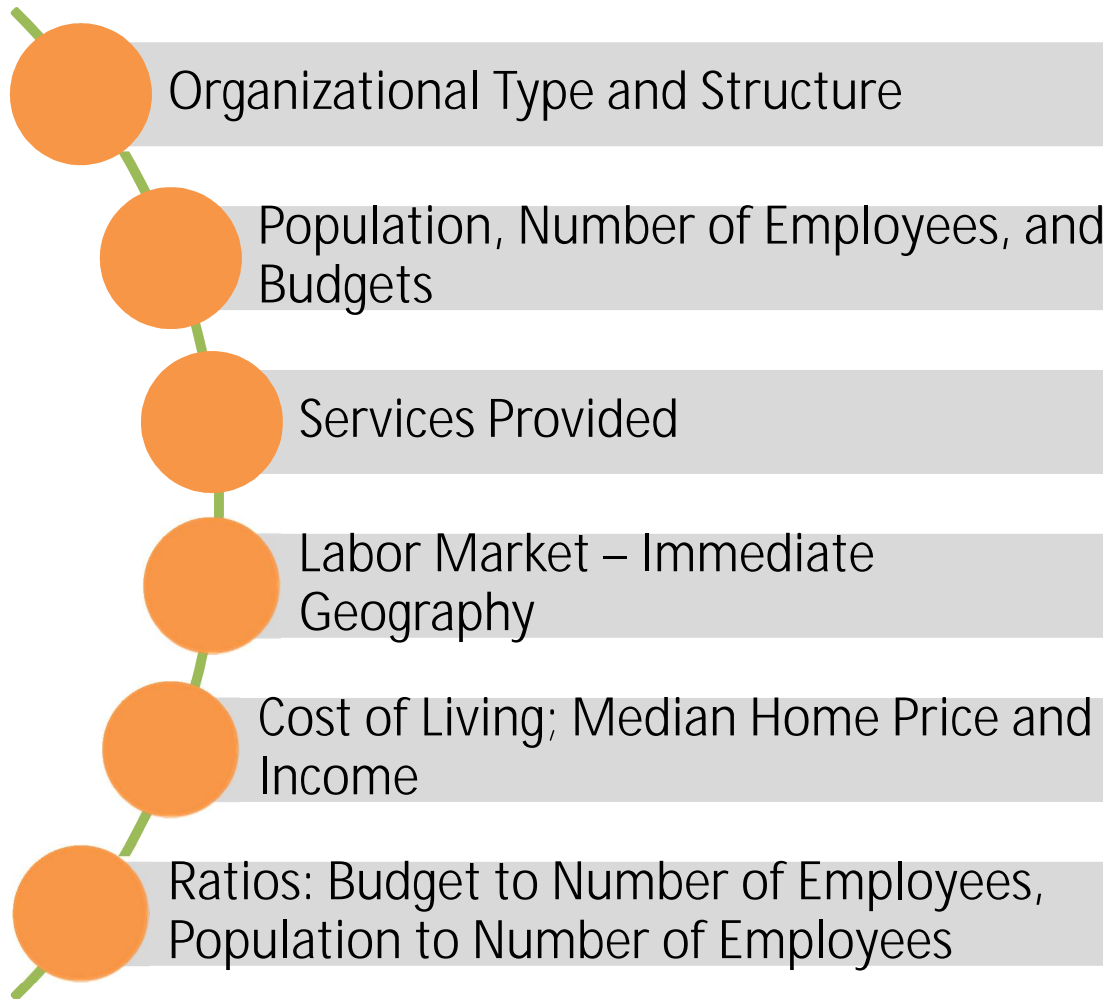
Benchmark Classifications (66)

Benefit Data



# Phase II- Comparator Agency Criteria

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Each Factor  
Analyzed, Ranked,  
Scored

Total Score  
Determines Level  
of Similarity



# Phase II- Comparator Agencies

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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

# Phase II- Compensation Process

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# Phase II- Compensation Process

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## Salary Data

- Top salary of Published Range
- Hourly Dollar Amounts
- Data is Normalized
- Effective Dates
- Next Increases (if known)
- Differences Noted



# Phase II- Compensation Process

## Sample Top Monthly Data

Office Assistant			Top Monthly Salary	Effective Date	Next Salary Increase	Next Percentage Increase
Rank	Comparator Agency	Class Title				
1	COMPARATOR	Office Assistant II	\$5,321	7/1/2016	7/1/2017	1.80%
2	COMPARATOR	Staff Assistant	\$5,269	6/18/2016	Unknown	Unknown
3	COMPARATOR	Office Assistant II	\$5,123	7/1/2016	7/1/2017	3.00%
4	COMPARATOR	Operations Assistant	\$5,047	6/25/2016	6/23/2017	Unknown
5	COMPARATOR	Senior Office Assistant	\$4,862	7/1/2016	Unknown	Unknown
6	COMPARATOR	Administrative Aide	\$4,741	7/1/2016	7/1/2017	2.10%
7	COMPARATOR	Administrative Office Specialist	\$4,637	1/12/2016	7/1/2017	2.00%
<b>8</b>	<b>CLIENT</b>	<b>Office Assistant</b>	<b>\$4,523</b>	<b>3/11/1900</b>	<b>Unknown</b>	<b>Unknown</b>
9	COMPARATOR	Office Assistant	\$4,436	6/3/2016	1/1/2017	.95% CPI
10	COMPARATOR	Customer Service Representative II	\$4,291	7/1/2016	Unknown	Unknown
11	COMPARATOR	Office Assistant	\$4,157	7/1/2016	7/1/2017	2.50%
12	COMPARATOR	Administrative Assistant I	\$4,021	7/1/2016	Unknown	Unknown
13	COMPARATOR	Staff Assistant	\$3,845	7/8/2016	4/1/2017	1.00%
14	COMPARATOR	Program Assistant	\$3,658	8/21/2013	Unknown	Unknown
15	COMPARATOR	Department Assistant	\$3,478	3/22/2016	Unknown	Unknown
		<b>Average of Comparators</b>	<b>\$4,492</b>			
		<b>% CLIENT Above/Below</b>	<b>0.7%</b>			
		<b>Number of Matches</b>	<b>14</b>			

NOTE: All calculations exclude CLIENT





# Phase II- Compensation Process

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## Statistical Calculations

### Median

- Not Skewed by Outliers

### Average

- Arithmetic Mean

### Percentages

- Above/Below



# Phase II- Compensation Process

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- Following the analysis of the information gathered, a final report was developed for management and Union review
- Due to the unique nature of many of the EMWD job classifications, numerous classifications could not be sufficiently benchmarked
- Building from the salary levels established for identified benchmark classifications, internal salary relationships were reviewed and Koff provided recommendations for internal alignment
- In some circumstances, revised job classifications or other facts warranted an updated alignment



# Phase II- Compensation Findings

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## Market Findings:

- Total of 64 classifications were benchmarked. Results show:
  - 33 classifications are paid above the market median
  - 31 classifications are paid below the market median
- On average, classifications are 9.9% below the market median for **base salaries**
- On average, classifications are 0.1% above the market median based on **total compensation**

The district's benefits package and annual Cost of Living adjustments have kept EMWD's compensation for most positions competitive



# Phase II- Classification Adjustments

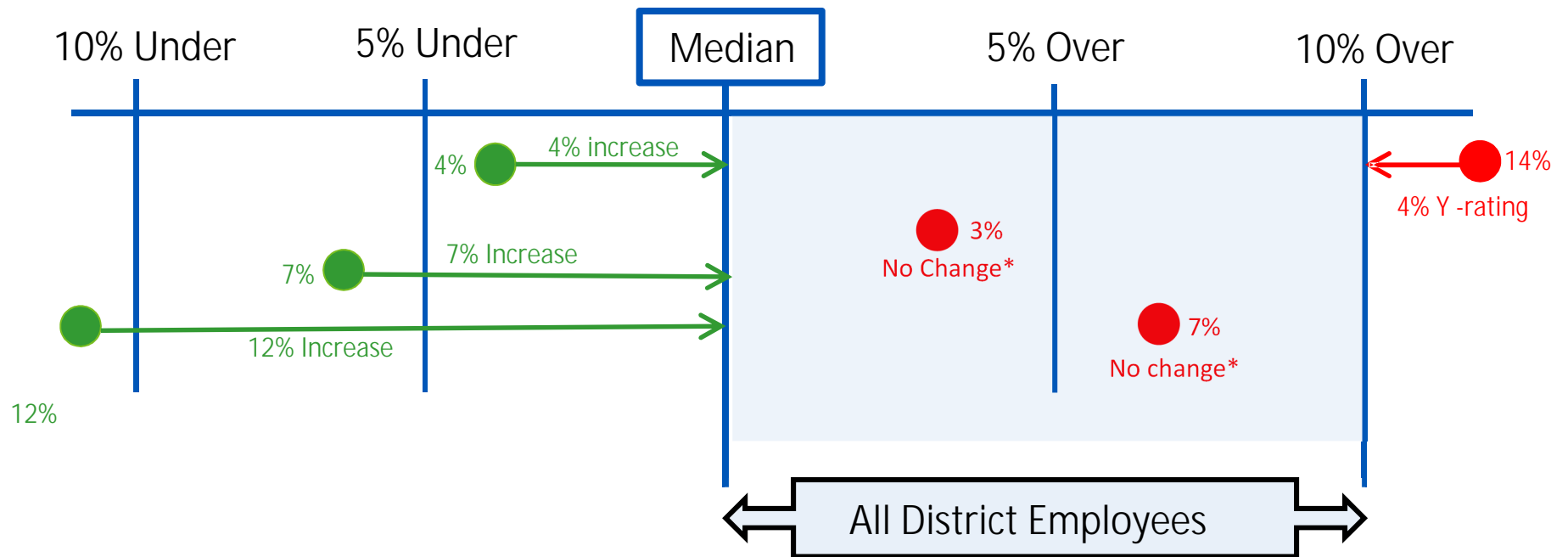
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Maximum salary for all classifications to result in placement at or between the 50<sup>th</sup> to 60<sup>th</sup> percentile for total compensation

- For classifications with total compensation under the 50<sup>th</sup> percentile:
  - Salary ranges adjusted to place total compensation for classification at or between the 50<sup>th</sup> and 60<sup>th</sup> percentile
- For classifications with total compensation over the 60<sup>th</sup> percentile:
  - Salary ranges adjusted to place total compensation for classification closest to the current maximum, without exceeding the 60<sup>th</sup> percentile
  - Two minor exceptions where classifications are recommended at slightly above the 60<sup>th</sup> percentile due to internal alignment and organizational issues

# Phase II- Classification Pay Range Placement

Classification salary placement 50<sup>th</sup> to 60<sup>th</sup> percentile of the comparator agencies



\* Some minor salary increase may be required to match steps in new salary ranges

# Phase II- Employee Salary Placement

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If total compensation for an employee's classification is below the 50<sup>th</sup> percentile (under market):

- Employee salary is 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 50<sup>th</sup> to 60<sup>th</sup> percentile (within market range):

- Employee salary is placed within the new range at the hourly rate closest to their current rate
- If the hourly rate is between two steps, then employee receives the benefit of being placed at the higher step

If total compensation for an employee's classification is above the 60<sup>th</sup> percentile (over market):

- Employee salary is Y-rated

# Phase II- Employee Salary Placement

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## What is Y-Rating?

- Employee's whose current salary exceeds the maximum salary of the classification
- Continue at their current rate of pay
- Eligible for a Cost of Living Adjustment (COLA) based on the maximum salary of their classification
- Not eligible for merit increases until the maximum salary of the classification is raised to an amount equal to or higher than the rate of pay they are receiving
- Employees will typically transition out of Y-rating through annual COLA increases to their respective classifications

# Implementation

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- If approved by Board, implement salary adjustments as soon as practicable for all employees
- Union will be seeking a vote from membership
- Implementation date for the positions represented by the Union would be contingent upon the results of the vote.
  - Salary adjustments for represented employees will not be retroactive if not implemented concurrently with unrepresented employees





# Fiscal Impact

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- Changes to employee classifications:
  - 180 classifications will have the maximum salary adjusted upward
  - 97 classifications will have the maximum salary adjusted downward
  - 4 classifications are new
- Combined FY 19-20 and FY 20-21 projected financial impact of salary and associated benefit adjustments is \$1.53 million:
  - \$652,000 or 0.6% of the \$95.25 million approved FY 19-20 budget for wages and benefits; and
  - \$878,000 or 0.8% of the \$99.64 million approved FY 20-21 budget for wages and benefits
- Funding for these adjustments was incorporated into the Board approved budgets for FY19-20 and FY20-21

# Recommendation

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- That the Board 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.



# Contact Information

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