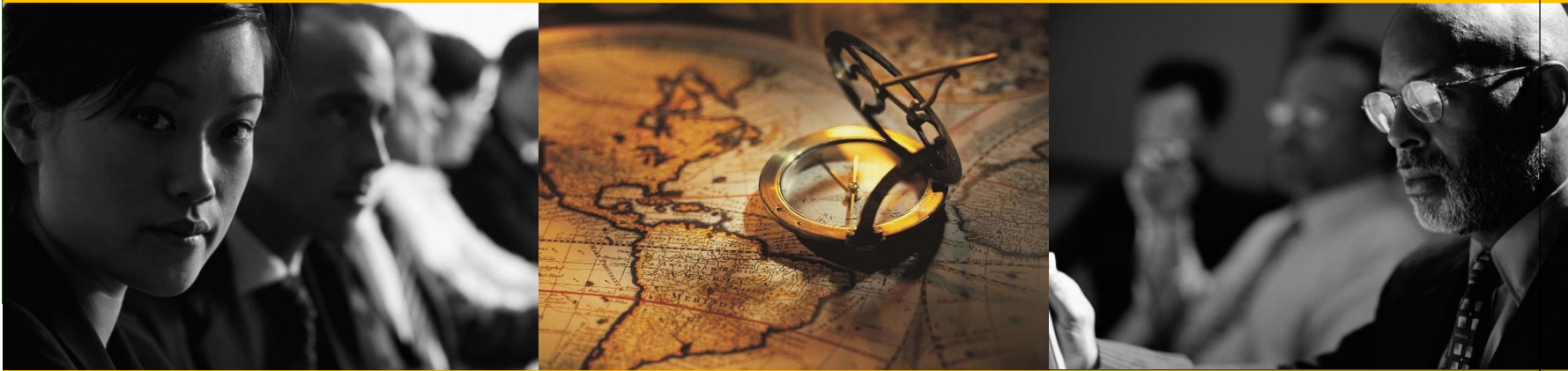


City of Fayetteville, NC Compensation & Classification Study Presentation of Results



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Overview

- Study Goals
- Project Phases
- Employee Comments
- Current System Findings
- Market Results
- Recommendations



Study Goals

- Review current compensation system to ensure internal equity.
- Survey peer organizations to ensure external equity.
- Produce recommendations to provide the organization with a compensation system that is equitable, both internally and externally.



Project Phases

Phase 1: Outreach

Project Kickoff
& Introduction

Collect
Appropriate
Client Data

Phase 2: Internal Analysis

Data Review
Including JATs

Assessment of
Current
Conditions

Phase 3: External Analysis

Compensation
Survey

Market
Positioning

Phase 4: Solution

Implementation
Options

Reporting



Employee Meetings Comments - Positive

- **Benefits** – the City’s employees expressed that the benefits package, working conditions, and the pride they feel by serving their community played a positive role in affecting morale.
- **Culture** – Several employees described the quality of people they work with as the number one reason they’ve stayed with the organization. Employees also mentioned the opportunities afforded by working at a growing organization.
- **Stability** – Employees referenced the stability afforded by having a predictable schedule, stable employment, and good work-life balance as positives of City employment.



Employee Meetings

Comments - Concerns

- **External Equity** – Feedback on the competitiveness of pay at the City was mixed, with some employees sharing that their starting pay is lower than in other municipalities but they have decent opportunities to advance their career due to growth in the local area.
- **Internal Equity** – There was concern about compression between employees, particularly when comparing different levels of leadership and responsibility.
- **Pay Movement Over Time** – Employees were concerned that raises year over year did not always reflect the true rise in the cost of living in the area. Employees wanted to ensure that pay moves with the market and they are rewarded for long-term employment with the City.



Current System Findings

- **Strength:**

- The City possesses several customizable pay structures for different employee groups.
- The structures are consistent in structure among similar employee types (i.e., exempt, non-exempt, public safety step plans, etc.).

- **Weakness:**

- There is some compression found across the organization (example tables to follow).
- Midpoint progression was not consistent between grades, ranging from 6.2-15.0 percent between grades on the general employee plan.



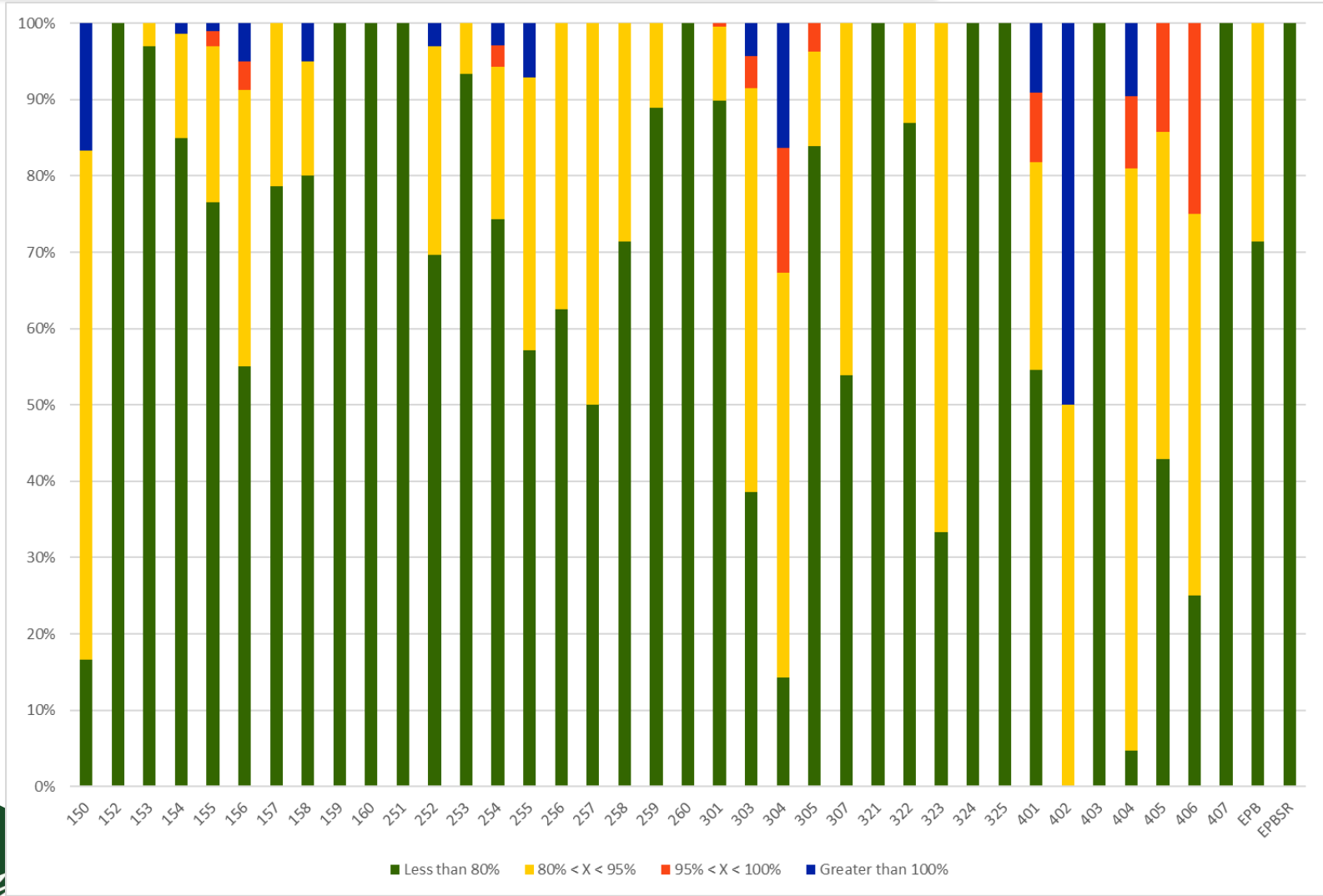
Compression Analysis

- Pay compression can be defined as the lack of variation in salaries between employees with significantly different levels of experience and/or responsibility.
 - *Range Compression* – employees in the same job, but with different levels of experience not possessing sufficient pay variation.
 - *Rank Compression* – employees in a supervisor-supervisee relationship not possessing sufficient pay variation.



Rank-Compression

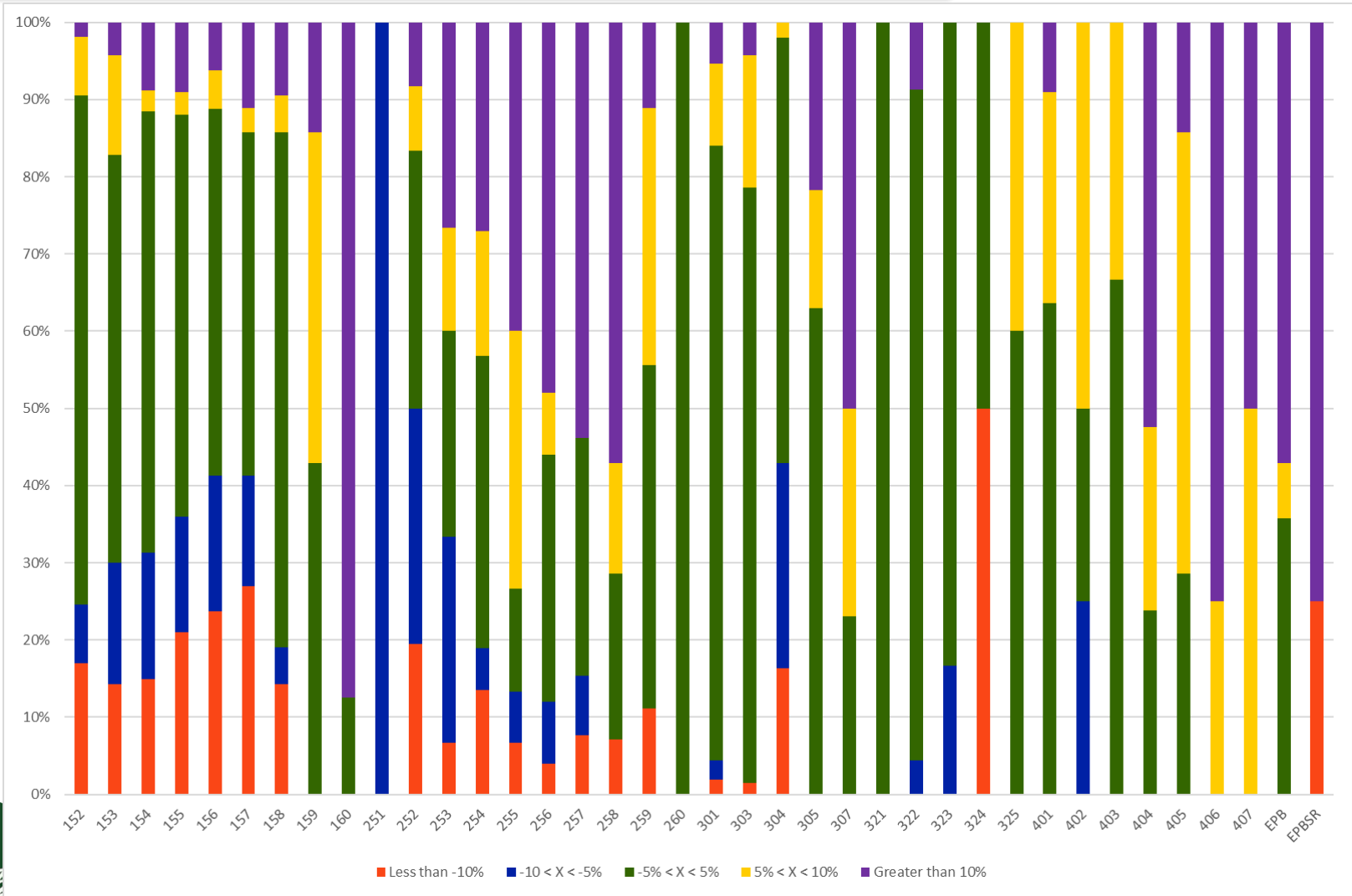
Employee vs. Supervisor Salary



Grade

Range Compression

Expected Salary Placement



Grade

Market Targets

- Salary survey resulted in responses from twenty peers, including eleven N.C. cities peers and five N.C. counties.
- Given the ability of employees to work remotely and transition easily between locations in N.C., salaries were compared directly to the market (i.e., without a COLA).
- Comparisons were made to 115 different positions. Average response rate was 6.3 matches per position.

| Market Peers |
|--|
| Charlotte, NC |
| Raleigh, NC |
| Greensboro, NC |
| Durham, NC |
| Winston-Salem, NC |
| Town of Cary, NC |
| Wilmington, NC |
| High Point, NC |
| Concord, NC |
| Greenville, NC |
| Asheville, NC |
| Birmingham, AL |
| Augusta, GA |
| Cumberland County, NC |
| Durham County, NC |
| Forsyth County, NC |
| Johnston County, NC |
| Harnett County, NC |
| Fayetteville Public Works Commission |
| Fayetteville Technical Community College |



Market Results

| Market Median Comparison (50 th Percentile Comparison) | | | Competitive Market Positioning (65 th Percentile Comparison) | | |
|--|----------|---------|--|----------|---------|
| Minimum | Midpoint | Maximum | Minimum | Midpoint | Maximum |
| 1.0% | -0.3% | -1.7% | -3.0% | -4.8% | -6.5% |

- A negative differential indicates the City is behind at that market position on average.
- The City is relatively competitive on average with market peers. The City has done a fairly good job with compensation administration
- When looking at a more competitive market position (i.e., a comparison to those peers more likely to steal employees), the City is slightly behind the market comparison.
- With either comparison, adjustments are needed in this extremely competitive market environment to ensure the City can recruit and retain top talent.



Key Recommendations

1. Adopt an updated pay plan with new market-responsive ranges. The newly recommended pay plan maintains the overall structure of the current pay plans utilized by the City.
2. Reassign pay grades to positions based on internal equity and the market results. Some positions will see larger adjustments than others due to the market response.
3. Place employees within their newly recommended pay grades. Select an implementation methodology that aligns with the compensation philosophy and financial means of the City.



Implementation

City staff was provided with six solutions ranging in cost from \$618,000 to \$6.4 million for non-public safety employees (salary changes only).

Based on our limited ability to fund proposed increases, staff plans to implement the Class Parity solution at 50 percent of the recommended increase, since it begins to address the compression issues that prevail among our employees.

Changes to the public safety step plans are also planned for implementation. Step amounts have been increased; however, for fiscal year 2023, public safety employees will be increased to the new amount of their existing step, and not advanced a step.



Implementation Costs

| General Employee Pay Plan | Total Salary-Only Cost | Number of Employees Adjusted | Average Adjustment for Impacted Employees | % of Payroll |
|---------------------------|------------------------|------------------------------|---|--------------|
| Class Parity | \$ 2,993,770.90 | 639 | \$ 4,685.09 | 5.7% |

- **Class Parity** – gives a “projected salary” based on an employees time in current position. If an employee is below the class salary projection, they receive an adjustment.



Costs (Continued)

| Step Plans | Total Salary-Only Cost | Number of Employees Adjusted | Average Adjustment for Impacted Employees | % of Payroll |
|-----------------------|------------------------|------------------------------|---|--------------|
| Bring to Closest Step | \$ 685,718.94 | 603 | \$ 1,137.18 | 2.4% |
| Bring to Same Step | \$ 1,341,849.13 | 603 | \$ 2,225.29 | 4.6% |
| Bring to Next Step | \$ 2,266,352.08 | 603 | \$ 3,758.46 | 7.8% |

- **Closest Step** – rounds employees to the next highest step on their step plan and makes no further adjustments.
- **Same Step** – moves employees with the pay plan movement so that they maintain their same numerical step after the plan moves.
- **Next Step** – moves employees up one step numerically on the new recommended pay plan.



Next Steps

- Finalize implementation plan
 - Review with departments
 - Communicate to employees
 - Submit written report
- Revised class descriptions
 - Create new class descriptions
 - Revise current class descriptions



Thank you

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