Building Effective Classification and Compensation Systems to Attract and Retain Talented Employees

Final Report Presentation to the County Commissioners

Presented by:

THE WATERS CONSULTING GROUP, INC.

Presented to:

Montrose County, CO

Dallas ▪ Austin ▪ Cleveland
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Who is The Waters Consulting Group, Inc. (WCG)?

WCG is a management consulting firm specializing in:

- Comprehensive Classification and Compensation Studies
- Alternative Compensation Programs
- Innovative Performance Management Systems
- Training and Development Seminars
- General Human Resource Issues and Compliance
- Executive Recruitment
- Web-based E-Solutions

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Proven Experience

Since 1976, we have provided classification and compensation services nationwide to organizations in the public and private sectors including:

- Private sector, not-for profit, and professional associations
- Cities, counties, other local government agencies
- Educational institutions
- Utility, housing, and transit authorities
- Government-related retirement system
- Healthcare

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Project Objectives

An effective compensation system must be…

- Consistent with organizational structure
- Complimentary to the management style and objectives
- Financially sound
- Internally equitable
- Externally competitive
- Easily understood
- Flexible to meet the changing needs of the County
- Effectively and efficiently administered

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Key Deliverables of the Study

- Job analysis
- Updated classification system
- Compensation survey
- Market comparisons
- Development of market-sensitive pay structures
- Implementation plan and guidelines for future administration

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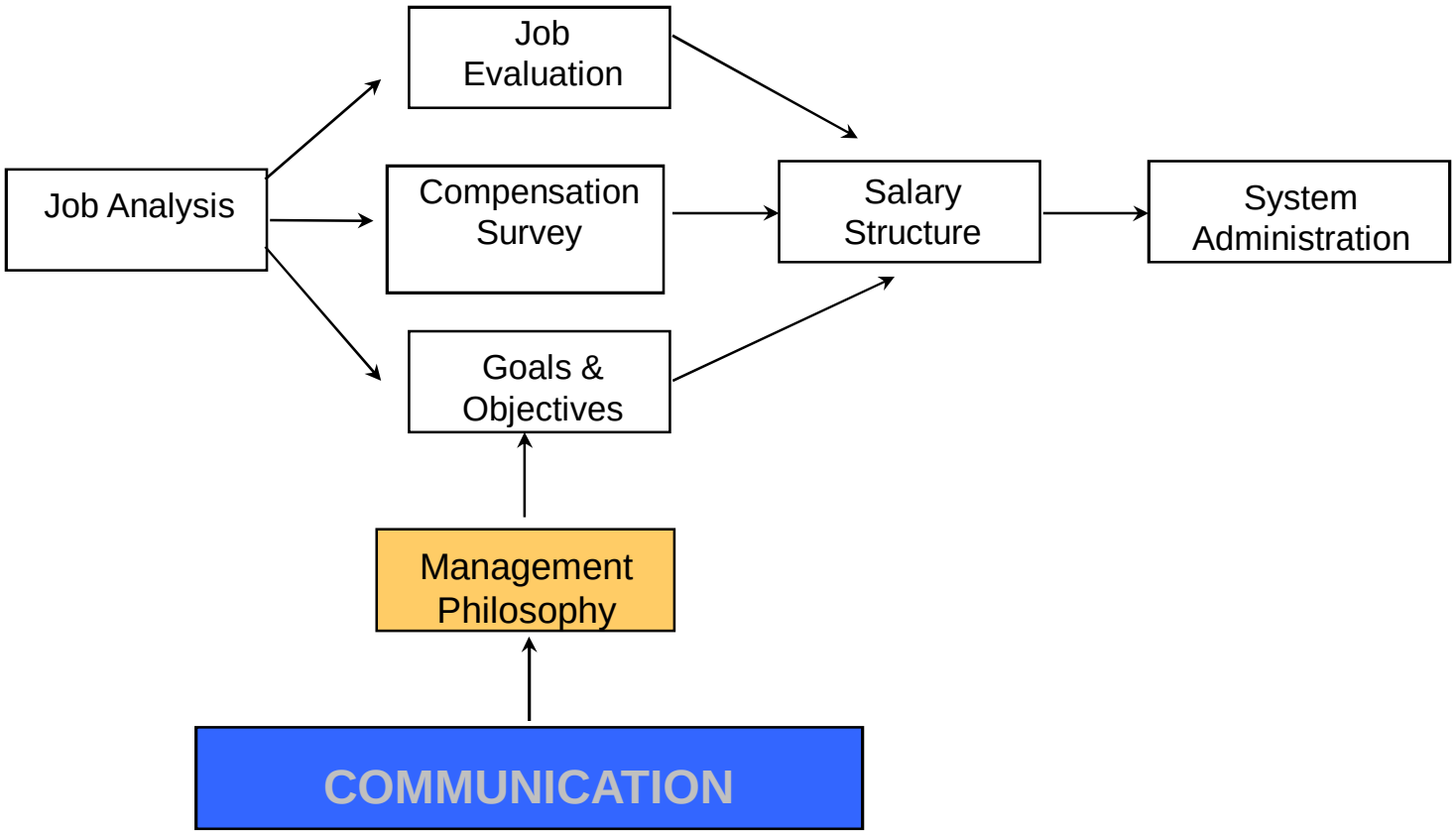
Project Overview



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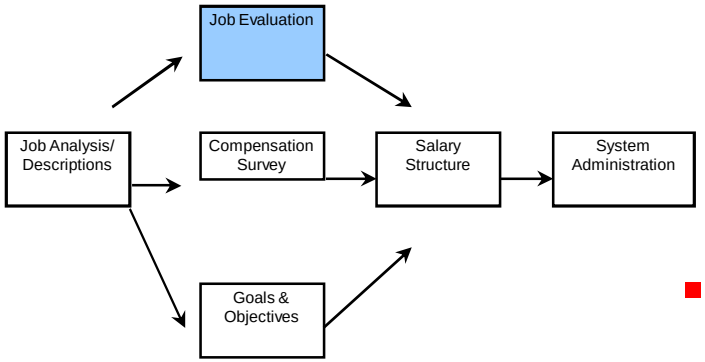
Job Analysis



A thorough review of all classifications

- Job description questionnaires provide current information about each job
- Clarification of job relationships and groupings
- Allocation list of old titles compared to new titles

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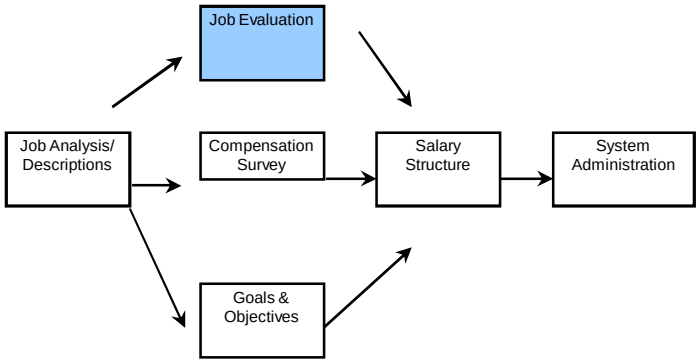
Job Evaluation



Internal Equity

Point Factor Job Evaluation

- A system that complements and co-exists with a market approach to structure development
- Quality assurance of rank order to establish internal hierarchy of jobs
- Evaluation is conducted on non-sworn positions
- Use of a Job Evaluation Team (JET)

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Job Evaluation System

Job Factors create an internal hierarchy of positions

- Factors are paid-for, measurable qualities, features or requirements common to all jobs and are based on minimum/entry requirements.
- Performance at an acceptable level is assumed.
- Considers what the job requires most of the time under normal circumstances.
- Factors are relatively easy to describe and consistently applied across divisions and departments.
- Evaluation was conducted by the County's leadership team.

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Job Evaluation Factors

Formal Education
This factor measures the minimum formalized training or education that is required for entry into the position.

Management/Supervision
This factor measures the managerial requirements for achieving results through people.

Freedom to Act
This factor measures the degree of freedom to exercise authority as well as assesses the impact of actions.

Working Conditions
This factor measures the surroundings or physical conditions under which the work must be performed.

Experience
Based on the minimum education required for the job, this factor measures the degree of experience required for entry into the position.

Human Collaboration Skills
This factor measures the job requirements of interaction with others outside direct reporting relationships.

Technical Skills
This factor measures the job difficulty in terms of the application of the knowledge required by the job.

Fiscal Responsibility
This factor measures the accountability for the annual budget and financial management for a department or assigned area of responsibility.

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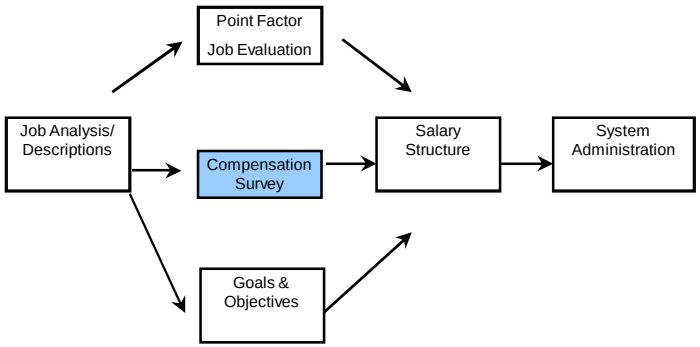
Compensation Survey



Market Survey Benchmarks

- Commonality of positions
- Competition for jobs/talent
- Location/proximity
- Services provided
- Comparable in size and operating budget
- Other criteria as determined

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Market Definition

Market Survey Benchmark Organizations

- Delta County
- Garfield County
- Gunnison County
- Mesa County
- Pueblo County
- Routt County
- San Miguel County
- Private Sector data sources
- Mountain Village
- State Information (where available)
- Glenwood Springs
- Grand Junction
- Gunnison
- Montrose
- Idaho Falls (airport positions only)
- Steamboat Springs (airport positions only)
- Durango-La Plata County Airport

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Sample Geographic Indexes*

▪ **Montrose County**	**93.6**
▪ City of Steamboat Springs	100.0 (-6.4%)
▪ Delta County	92.3 (+1.3%)
▪ City of Montrose	93.6 (+/-0%)

*Source – Economic Research Institute (ERI)

Data for each benchmark organization is adjusted up or down accordingly – allows an “apples to apples” comparison of salary data

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Pay Analysis- (example)

				Actual Salaries			Salary Range		
Participant No.	Participant Matching Title	FLSA	# of Incs	Avg Base Salary	Low Salary	High Salary	Range Minimum	Range Midpoint	Range Maximum
1	Administrative Assistant	NE	5	$33,120	$30,332	$40,237	$30,332	$39,432	$48,531
2	Administrative Assistant	N	5	$29,515	$26,395	$33,488	$23,774	$27,997	$33,488
3	Administrative Assistant II	E	13	$33,672	$29,917	$41,309	$21,528	$32,240	$42,952
4	Legal Secretary	N	1	$39,997	$39,997	$39,997	$34,069	$40,031	$45,993
5	Staff Assistant	NE	19	$33,883	$28,267	$48,027	$27,435	$32,906	$38,376
6	Administrative Assistant	NE	5	$33,011	$29,544	$38,014	$27,714	$32,564	$37,413
7	Administrative Secretary	N	9	$43,656			$32,784	$39,456	$46,116
8	Administrative Assistant	E	2	$40,030	$35,360	$44,699	$31,366	$39,624	$47,882
9	Administrative Assistant		21	$40,419					
10	Clerk	NE	18	$21,893	$20,180	$25,201	$20,180	$25,201	$30,703
11	Administrative Secretary	N	7	$37,627	$32,760	$40,851	$26,187	$33,530	$40,851
12	Administrative Assistant		5	$30,388					

No. of Participants:	12			
No. of Incumbents Reported:	110			
Average Market Data:	$34,768	$27,537	$34,298	$41,231
Weighted Average Market Data:	$33,917			

Average Pay Range Spread (From Range Minimum to Range Maximum): 50%

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Market Analysis

Methodology for Analysis

- Determine geographically adjusted weighted average salaries
- Comparison to midpoint of current pay range for non-sworn jobs
- Comparison of market average range entry and maximum for sworn jobs
- Comparison to average incumbent salaries

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Preliminary Findings – 100% of market

Competitiveness varies by job group

- Comparison of Exempt:
  - Pay Range Midpoint -5.3% of market averages
  - Incumbent Pay -6.4% of market averages
- Comparison of Non-Exempt:
  - Pay Range Midpoint -0.8% of market averages
  - Incumbent Pay -6.6% of market averages
- Comparison of Executive:
  - Pay Range Midpoint -7.7% of market averages
  - Incumbent Pay -7.0% of market averages

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Preliminary Findings – Public Safety

- 100% of Market
  - Pay Range Minimum -6.2% of market averages
  - Pay Range Maximum -5.6% of market averages
  - Incumbent Pay -12.7% of market averages

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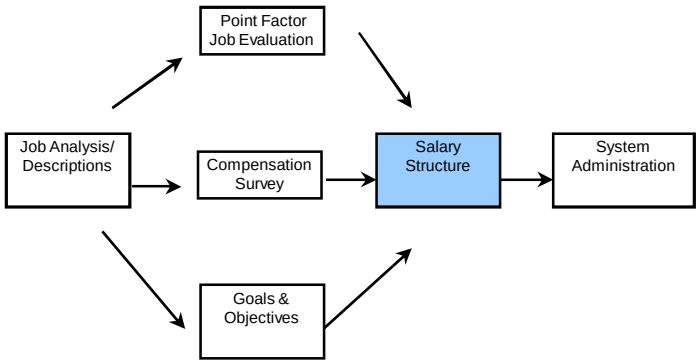
Key Considerations



Customized Salary Structures

- Desired competitive position (100%) and County's ability to pay/compete
- Relationship of new structure with survey statistics
- Strategic design of new structure- width of ranges, number of grades, number of structures
- Analysis of current employees in new structure
- Recommendations and future administration

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Structure Development-General

Designing Proposed Structures for General Positions

- Use geographically adjusted market average actual base salaries as midpoint target for general employees
- County sought a balance between internal equity and market value
- Structures competitive with market data - ranges provided using 100% of benchmark average salaries
- Smooth midpoint progression between grades
- Range spreads (distance from minimum to maximum) included at 50% per County's policy decision

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Structure Development-Public Safety

Designing Proposed Structures for Public Safety

- Use geographically adjusted market average range minimums and maximums to developed proposed structure
- Each individual rank adjusted to match market data
- Structures competitive with market data - ranges provided using 100% of benchmark average minimums
- Some Public Safety positions placed in structure using range values comparable to non-sworn positions
- Range spreads (distance from minimum to maximum) included at 50% per County's policy decision

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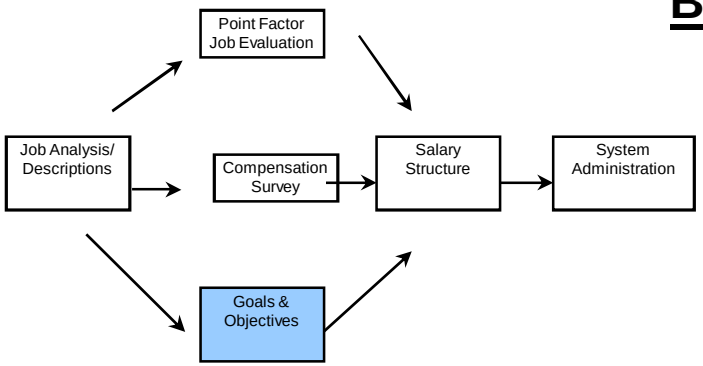
Implementation



Budget and Implementation Process

- Implementation costing scenarios provided for consideration
- Employee impact provided on an individual and departmental basis
- Request for Review process
- System for establishing starting salaries, increases, and pay structure movement

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