



COMPENSATION PLAN

Agenda



COMPENSATION
PLAN

**COMPENSATION PLAN GUIDING
PRINCIPLES**

- 1) Appropriate Pay Ranges
- 2) Appropriate Pay for Individual Employees
- 3) Fiscal Responsibility

- 1) Appropriate Pay Range
 - a) Market Competitiveness
 - b) Economic Indicators (e.g., Consumer Price Index, Unemployment Rate)

- 2) Appropriate Pay for Individual Employees
 - a) Paying employees appropriately for individual contribution
 - b) Progression through salary ranges
 - c) Step and Grade pay plan for Police and Fire

- 3) Fiscal Responsibility
 - a) Available revenues
 - b) Service and staffing levels
 - c) Public sentiment
 - d) Regulatory compliance (i.e., Affordable Care Act)

“

“It is the policy of the Sandy City Council to establish a compensation plan to **attract and retain highly skilled and talented employees** in all positions, to motivate these employees to perform well, and to create inducements both through basic compensation and fringe benefits for these employees to remain with Sandy City for productive periods of service.”

- *City Council Policy on Compensation*

“

“Salary ranges, which are internally equitable and competitive in the job market and are structured utilizing a system of continuing job evaluation and **periodic surveys** of the entities on the comparison group. When compared to the comparison group average, Sandy City city-wide and individual pay band minimum pay and maximum pay should be at or near 100 percent.”

- *City Council Policy on Compensation*

**COMPENSATION
PLAN**

PAY PLAN COMPONENTS

Pay Plan Components

- Pay increases take effect July 1 each year
- Components of pay plan can include:
 - 1) On-going Pay
 - a) COLA increase using economic indicators (*as needed*)
 - b) Market increase using salary survey (*as needed*)
 - c) Performance Evaluation Increase / Step Increase
 - 2) One-time Pay
 - a) Performance Incentive
 - b) Topped Out Evaluation Incentive

**COMPENSATION
PLAN**

COMPENSATION STUDY

□ Sources of Data

- 1) Internal information
- 2) Economic data
- 3) Nation-wide public & private sector surveys
- 4) Public sector comparison group using a Utah League of Cities & Towns Cluster

1) Internal Information - Employee Turnover

Annual City Turnover	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total separations for the city	27	29	59	61	35	58	86	52	55	54
Number of employees at year-end	482	491	484	486	494	501	489	513	515	520
Total percent turnover	5.60%	5.91%	12.19%	12.55%	7.09%	11.58%	17.59%	10.14%	10.68%	10.38%

Compensation Study

1) Internal Information - Employee Turnover (cont.)

2012-2021 Turnover by Reason for Leaving				
	Involuntary	Voluntary	Retirement	Total
2012	7	13	7	27
2013	9	12	8	29
2014	12	32	15	59
2015	17	31	13	61
2016	10	15	10	35
2017	13	28	17	58
2018	13	56	17	86
2019	4	37	11	52
2020	9	29	17	55
2021	6	43	5	54

2021 Turnover by Department & Reason for Leaving				
	Involuntary	Voluntary	Retirement	Total
Police	1	18	1	20
Admin. Services	2	6	1	9
Public Works	1	5	0	6
Justice Court	1	4	0	5
Parks & Recreation	0	4	0	4
Public Utilities	0	2	1	3
Fire	0	2	1	3
Community Development	0	1	0	1
City Attorney	0	1	0	1
City Council	1	0	0	1
RDA/Econ Development	0	0	1	1
CAO/Mayor/Admin	0	0	0	0
Total	6	43	5	54

“

“For anyone who doubted, the data is in. The Great Resignation is real and it’s happening...According to Gallup research, 48 percent of employees are actively looking to make a change...”

- *Harvard Business Review*

2) Economic Data - Consumer Price Index (CPI)

	Utah	United States
2019	3.0	2.3
2020	-1.7	1.4
2021 (projected)	1.4	2.0
2021 (actual)	8.8	7.0
2022 (projected)	2.8	3.2

*The CPI rose 7.0% in 2021
the largest 12-month
increase since the period
ending June 1982.
- BLS*

**Data Source: Moody's Analytics*



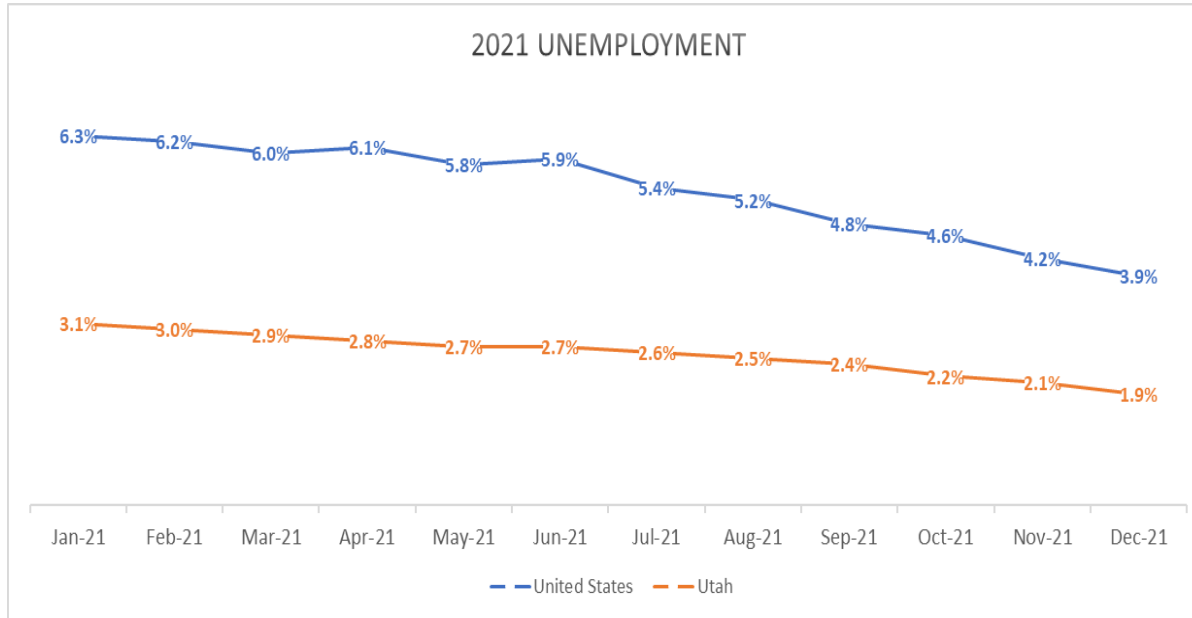
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“Consumer prices rose 7 percent year-over-year in December 2021, the largest 12-month increase in nearly 40 years...adding pressure on employers to raise wages more than they anticipated this year. The latest figures show that inflation continues to grow.”

“Wage increases minus inflation have been negative for nine straight months...”

- *Stephen Miller, SHRM*

2) Economic Data - - Unemployment Rate



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“The pandemic has driven down labor force participation, but so have Baby Boomers retiring and a related stagnation in the number of working-age people, which is expected to perpetuate labor shortages over the next decade.”

"The unemployment rate is likely to remain historically low for the next 5-10 years and a tight labor market will push wages higher.”

- Stephen Miller, SHRM, quoting Gad Levanon, vice president for labor markets at The Conference Board

“

“Almost half of companies from the survey said they’re planning raises for current employees to keep pace with higher pay they’ve awarded new hires...these pay raises are expected to reach workers across company levels, from entry-level workers to executives, including hourly and salaried employees.”

- *Jennifer Liu, CNBC article, quoting Gad Levanon, vice president for labor markets at The Conference Board*

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“Results released in December from a spot survey of 551 senior U.S. HR leaders ...showed that 51 percent said their organization expected average merit increases of more than 5 percent, while 88 percent said their company expects average merit increases of more than 3 percent.”

- *Stephen Miller, SHRM*

4) Public sector comparison group using a Utah League of Cities & Towns Cluster



	Cluster Name	Description	No. of Cities	Example City
A	Major Cities	Largest population base, minimal growth, established communities, large commercial centers	10	Provo, St. George
B	Commercial Centers	Larger population, significant commercial and industrial regional centers, growing communities,	22	Cedar City, Taylorsville
C	High Growth Communities	Communities with highest growth rates, high household income, low commercial	9	Saratoga Springs, Bluffdale
D	Residential Transitioning	Modest commercial property, increasing growth, many transitioning communities	31	Nibley, Santaquin
E	High Income Residential	Highest median household income, moderate growth, low commercial	18	Highland, Fruit Heights
F	Urban Edge Cities	High per capita commercial and industrial property, moderate population size and population growth	15	North Logan, South Ogden
G	Resort Communities	Low population, high commercial property, high per capita revenue	7	Park City, Alta
H	NR/Mining Based	Older, low growth rural communities, small commercial property	23	Duchesne, Price
I	Old Established Communities	Older communities, low or declining population, some commercial component	19	Lewiston, Manti
J	Traditional Agricultural	Traditional agricultural communities, primarily residential with increasing population, some growing commercial element	30	Ephraim, Nephi
K	Small Towns	Smallest population, older established communities with low or declining growth, low commercial property	66	Hatch, Scofield
L	Capital City	Economic center of the state	1	Salt Lake City

Compensation Study

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Sandy City's Comparison Group	
Cluster A: Major Cities	Draper
	Layton
	Murray
	Ogden
	Orem
	Provo
	Sandy
	St. George
	West Jordan
	West Valley City
Additional Entities	Salt Lake City (Cluster L)
	Unified Fire Authority
	Unified Police Department

Compensation Study

Sandy City FY 2021 Total Compensation Study Summary of MIN, MAX, & ACT. AVG.

Percent difference for total compensation value of comparison group

<u>No.</u>	<u>Position Title</u>	<u>Band</u>	<u>Min</u>	<u>Max</u>	<u>Act. Avg.</u>
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- ✓ Salary survey includes a sampling of 44 positions
- ✓ 62% of employees are represented
- ✓ All departments are represented
- ✓ All pay bands are represented

Min = Bottom of the pay range

Max = Top of the pay range

Act. Avg. = Average pay of all employees in that position



Compensation Study

Sandy City

Summary of MIN, MAX, & ACT. AVG.

Percent difference for total compensation value of comparison group

Position Title	Band	FY 2022 Total Compensation			FY 2021 Total Compensation		
		Min	Max	Act. Avg.	Min	Max	Act. Avg.
DEPUTY FIRE CHIEF	5	31.66%	-3.71%	4.35%	45.75%	3.82%	11.30%
BATTALION CHIEF	5	19.12%	2.40%	8.23%	28.06%	7.90%	13.40%
FIRE CAPTAIN	5	14.64%	7.62%	12.05%	19.70%	12.72%	15.41%
FIRE ENGINEER	4	-9.20%	-2.93%	-2.01%	-5.80%	4.11%	5.34%
PARAMEDIC	4	-2.26%	2.42%	-3.88%	0.65%	7.38%	1.76%
FIREFIGHTER/EMT	4	2.26%	7.90%	4.76%	4.46%	13.08%	5.13%



Compensation Study

Sandy City

Summary of MIN, MAX, & ACT. AVG.

Percent difference for total compensation value of comparison group

Position Title	Band	FY 2022 Total Compensation			FY 2021 Total Compensation		
		Min	Max	Act. Avg.	Min	Max	Act. Avg.
POLICE CAPTAIN	5	8.12%	-1.05%	3.39%	14.10%	-2.57%	3.75%
POLICE LIEUTENANT	5	11.68%	1.88%	7.67%	14.46%	-1.72%	2.82%
POLICE SERGEANT	5	13.90%	3.36%	10.49%	11.23%	2.91%	4.27%
POLICE OFFICER	4	9.58%	5.60%	9.70%	2.49%	0.00%	-0.64%
ANIMAL SERVICES OFFICER	3	13.17%	-0.09%	16.78%	3.83%	-1.30%	7.25%



Compensation Study

Sandy City, Utah

Executive Summary - without Police & Fire

City to Market Ratio

Pay Scales FY 2022

Band	Number of Positions in Band	% of Min, Max & Act. Avg. Below Group Average	% of Min, Max & Act. Avg. At or Above Group Average	Type of Positions
2	5	27%	73%	Clerical & Laborer
3	6	72%	28%	Crew Leader, Admin Support & Technician
4	8	71%	29%	Supervisor & Professional
5	12	64%	36%	Manager
6	2	67%	33%	Department Director & CAO
Total		62%	38%	



Compensation Study

Sandy City, Utah

Executive Summary - without Police & Fire

City to Market Ratio

Band	<u>Pay Scales FY 2022</u>		<u>Pay Scales FY 2021</u>	
	% of Min, Max & Act. Avg. Below Group Average	% of Min, Max & Act. Avg. At or Above Group Average	% of Min, Max & Act. Avg. Below Group Average	% of Min, Max & Act. Avg. At or Above Group Average
2	27%	73%	80%	20%
3	72%	28%	67%	33%
4	71%	29%	63%	37%
5	64%	36%	42%	58%
6	67%	33%	50%	50%
Total	62%	38%	59%	41%



Compensation Study

Sandy City, Utah Pay Scale - Budget FY 2022

Executive Summary - All Positions

City to Market Ratio

BAND	MIN.	MAX.	ACT. AVG.
2	0.99	0.98	1.01
3	0.98	0.96	1.02
4	1.04	1.04	1.05
5	1.10	1.02	1.08
6	0.97	0.96	1.01
City-Wide Weighted Avg.	1.03	1.01	1.04

Sandy City, Utah Pay Scale - Budget FY 2021

Executive Summary - All Positions

City to Market Ratio

BAND	MIN.	MAX.	ACT. AVG.
2	0.98	0.95	0.99
3	0.98	0.96	0.99
4	1.02	1.03	1.01
5	1.13	1.04	1.07
6	1.00	0.99	1.06
City-Wide Weighted Avg.	1.03	1.01	1.01



Compensation Study

Sandy City, Utah Pay Scale - Budget FY 2022

Executive Summary - w/o Police & Fire

City to Market Ratio

BAND	MIN.	MAX.	ACT. AVG.
2	0.99	0.98	1.01
3	0.97	0.96	1.01
4	0.99	0.97	0.98
5	0.99	0.98	1.03
6	0.97	0.96	1.01
City-Wide Weighted Avg.	0.98	0.97	1.01

Sandy City, Utah Pay Scale - Budget FY 2021

Executive Summary - w/o Police & Fire

City to Market Ratio

BAND	MIN.	MAX.	ACT. AVG.
2	0.98	0.95	0.99
3	0.98	0.96	0.98
4	1.00	0.99	0.98
5	1.01	1.00	1.01
6	1.00	0.99	1.06
City-Wide Weighted Avg.	0.99	0.97	0.99

**Green shading on chart identifies the numbers that changed from the Executive Summary for All Positions on the prior slide.*



**COMPENSATION
PLAN**

**FY 2023 COMPENSATION PLAN
KEY ISSUES**

Key Compensation Plan Issues

Benefits

- We are working on finalizing renewals. Projected health plan renewal anticipated at 0%.
- The on-site clinic as well as dental, life and long-term disability insurance are going out to bid this year.

Key Compensation Plan Issues

Retirement Plan

- The Utah Retirement System is proposing rate decreases in the Tier 1 Fire system and the Tier 1 and Tier 2 Public Employee system.
 - This proposal will save the City approximately \$140,000 in all funds.

Key Compensation Plan Issues

Pay Plan

- Fiscal year-to-date turnover and other savings equates to a 0.70% savings over the current year's personnel budget. This is lower than average due to labor market factors. This savings will net against any increases. Additional turnover savings may occur.
- Estimate to fund the police and fire step and grade pay plan is \$730,000. Estimate to fund a 3% performance evaluation increase for non-sworn general fund employees is \$570,000.
- Economic and salary survey data indicate large increases will be needed to catch up with inflation and to be competitive with comparison cities.

THANKS!

Any questions?