Memorandum



DATE October 31, 2018

Honorable Members of the Government Performance & Financial Management Committee: Jennifer S. Gates (Chair), Scott Griggs (Vice Chair), Sandy Greyson, Lee M. Kleinman, Philip T. Kingston, Tennell Atkins, Kevin Felder

SUBJECT 2019 Compensation Study

On November 5, 2018, Nina Arias, Director of Human Resources will brief the Government Performance & Financial Management Committee on the 2019 Compensation Study. I have attached the briefing materials for your review.

Please let me know if you have any questions.

M. Elwabeth Reich

M. Elizabeth Reich Chief Financial Officer

Attachment

c: Honorable Mayor and Members of City Council T.C. Broadnax, City Manager Chris Caso, City Attorney (Interim) Carol A. Smith, City Auditor (Interim) Bilierae Johnson, City Secretary Judge Preston Robinson, Administrative Judge

Kimberly Bizor Tolbert, Chief of Staff to the City Manager Jon Fortune, Assistant City Manager Joey Zapata, Assistant City Manager Majed A. Al-Ghafry, Assistant City Manager Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer Directors and Assistant Directors

2019 Compensation Study

Government Performance & Financial Management Committee November 5, 2018

Nina Arias, (SHRM-CP)
Director, Human Resources
City of Dallas



Overview

- Provide an overview of current state of our compensation structure
- Review the proposed objectives for the 2019
 Compensation Study
- Timeline and next steps



Background – Compensation Structure

Compensation Strategy

Total Compensation – Value Proposition

Philosophy

Structure

Pay Profile (Cash Value Proposition)

Market Place – Lead, Lag

Identify competitors

Competencies

– SKA's and
Behavioral
Anchors

Job Architecture and Hierarchies

Base Pay

Incentive Pay

Work-life
Balance,
Recognition,
and Talent
Development

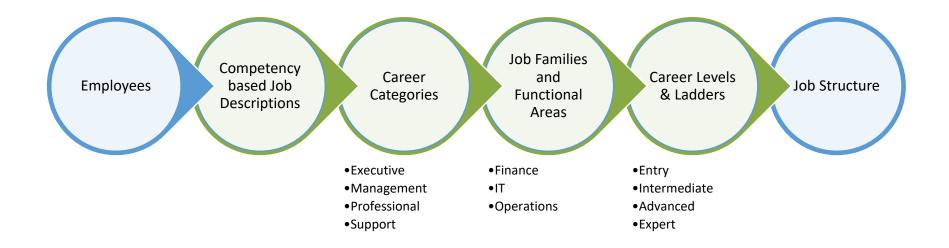
Benefits,

Market Surveys – External Comparison Internal Equity – Internal Comparison

Merit, Pay for Performance Bonuses -Short and Long Term Cash Incentives



Background – Job Architecture



Background – Talent Management



Background – Compensation Maturity Curve

| | Reactive | Basic | Proactive | Strategic | |
|----------------------------|---|--|--|---|--|
| Philosophy/ Strategy | Outdated or Non- existent | Tied to Organizational Goals - reviewed every 2-5 years | Total Comp perspective, adjusted for market annually | Data driven, tied to organization's performance and outcomes | |
| Structure/ Job Profiles | Generic Jobs; unusable for sourcing or development purposes | Well define roles; used for sourcing and development | Success profiles and career ladders based on Competencies | Integrated to and used as foundation for Talent Management | |
| Base Pay | Assigned once, never reviewed | Internal equity observed; no survey data used | Benchmarked for industry and Market; adjusted periodically | Differentiated base pay for top performers and Hi-Potential Employees | |
| Incentives | Non-existent, basic merit increases | Ad-hock bonuses (RIFs, special projects) | Generic Pay-for- Performance program for management | Strategic pay-at- risk program for key positions and initiatives | |
| | Lower Initial Cost | Lower Initial Cost- High Attrition | | Greater Long Term Gains | |
| | Lower Staff Qual | Lower Staff Quality/Fit | | Higher Staff Quality/Fit | |



Other Issues

- Modest annual salary increases for over 20 years COD 2 to 4% Vs. Average 3 to 5%
- Salaries needed to recruit new hires typically exceed that of peers
- Reorganizations and new jobs evaluated without organization-wide or market context
- Spans of control of 1:3 or lower, tied to ambiguity in job descriptions
- Non-competitive salaries result in:
 - Inability to attract, recruit, and retain talent
 - Internal promotions into jobs requiring two, three, and up to four level increases
 - Excessive use of Interim Assignment Pay (IAP) to cover vacancies
 - Excessive and disjointed equity adjustments and exceptions

3,237 Administrative Pay Exceptions - Since October 2017

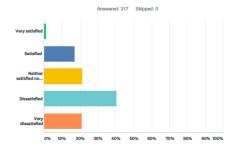




Assessment

Compensation Survey

Q3 Overall, I am satisfied with the organization's pay structure.



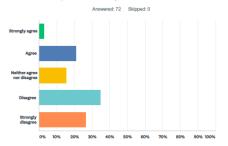
| ANSWER CHOICES | RESPONSES | |
|------------------------------------|-----------|-----|
| Very satisfied | 0.95% | 3 |
| Satisfied | 17.03% | 54 |
| Neither satisfied nor dissatisfied | 21.14% | 67 |
| Dissatisfied | 40.06% | 127 |
| Very dissatisfied | 20.82% | 66 |
| TOTAL | | 317 |

| # | COMMENTS | DATE |
|---|---|--------------------|
| 1 | After 32 years my pay should be at least 23 dollars an hour | 7/11/2018 4:35 PM |
| 2 | In my department, the next promotion (44k/yr) is the highest pay grade I can be at while doing my current work. | 7/11/2018 4:03 PM |
| 3 | Our grade classification is not inline with other Analyst | 7/11/2018 3:48 PM |
| 4 | Our organization pay structure is constructed to be similar to one reviewing plans as a plans examiner as opposed to the duties of a fire protection engineer. | 7/11/2018 11:21 AM |
| 5 | Relative compensation rewards groups that underperform and penalizes groups that excel. Overall it may seem to make sense for the City but individually is unfair. | 7/10/2018 3:58 PM |
| 6 | I see others that don't put in near the amount of hours that are paid much better, but believe it's because the industry I represent is not well understood and looked at more as a "fun job" rather than the long hours, nights, weekends, travel and actual work it is. | 7/10/2018 2:55 PM |
| 7 | No because it equal to the year I have been here | 7/10/2018 2:52 PM |
| 8 | I think the pay scale has a big pay range. | 7/10/2018 2:20 PM |
| 9 | It should not take 10+ years to reach top pay in your position when scoring exceptional every review period. | 7/10/2018 10:10 AM |

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Compensation Survey - Management

Q1 I am compensated fairly relative to the local market.



| ANSWER CHOICES | RESPONSES | |
|----------------------------|-----------|----|
| Strongly agree | 2.78% | 2 |
| Agree | 20.83% | 15 |
| Neither agree nor disagree | 15.28% | 11 |
| Disagree | 34.72% | 25 |
| Strongly disagree | 26.39% | 19 |
| TOTAL | | 72 |

| # | COMMENTS | DATE |
|---|--|--------------------|
| 1 | Not really compared to the number of hours that are required to protect the lives of citizens' and their properties from flooding. This position and many other positions in this division are on-call 24 hours a day, seven days per week, we are not able to reward employees effectively for the efforts that they are required to put in. | 6/25/2018 6:51 PM |
| 2 | an attorney in my position for a private corporation makes roughly double what I make and other municipalities pay roughly 30% more than what my current salary is | 6/22/2018 3:47 PM |
| 3 | Per Glassdoor - Market rate for IT Project Manager is \$106k | 6/22/2018 12:39 PM |
| 4 | I feel the salaray along with the high cost of insurance for a family greatly reducing the city competitivenss in compensation. | 6/21/2018 10:38 AM |
| 5 | The pay in suburban cities is noticeably higher than that offered in Dallas for comparable qualifications and duties. | 6/21/2018 9:44 AM |
| 6 | Our proximity to the other Commercial Airport which is partially owned by the City is a clear example | 6/21/2018 9:20 AM |
| 7 | We are under paid in comparison to other local cities in the metroplex | 6/21/2018 8:58 AM |
| 8 | I always factor in the value of the long term pension. | 6/20/2018 5:31 PM |
| 9 | Agree if this was my first job; disagree based on my years of experience | 6/20/2018 5:11 PM |
| | | |

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RFP Goals and Objectives

Market Place - Lead, Lag

Identify competitors Competencies -SKA's and Behavioral Anchors

Job and

Market Surveys -External Comparison

Internal Equity -Internal Comparison

Merit, Pay Performance

Bonuses -Short and Long Term Cash Incentives

Architecture Hierarchies

Base Pay

Incentive Pay

Philosophy

Structure

Pay Profile (Cash Value Proposition)

Benefits, Work-life Balance, Recognition, and Talent Development

Compensation Strategy

Total Compensation – Value Proposition



Timeline

| Task Name | Duration | Start | Finish |
|--|----------|--------------|--------------|
| Compensation Study - RFP & Implementaton | TBD | Tue 10/23/18 | TBD |
| Define Project - Seek feedback | 3 wks | Tue 10/23/18 | Mon 11/12/18 |
| Document Requirements | 2 wks | Tue 11/13/18 | Mon 11/26/18 |
| Research and Target Vendors | 1 wk | Tue 11/27/18 | Mon 12/3/18 |
| Develop and Write RFP | TBD | Tue 12/4/18 | TBD |
| Distribute RFP to Vendors | TBD | TBD | TBD |
| Select Vendor and Develop Contract | TBD | TBD | TBD |
| Conduct Compensation Study | 6 mons | TBD | TBD |
| Issue and Implement Recommendations | 0 days | TBD | TBD |



Next Steps

- Seek Council's feedback on proposed strategy
- Issue RFP Q1 2019
- Bring back recommendations to Council for implementation in FY2020



2019 Compensation Study

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