

Compensation System Overview



Presentation Topics

- Background and History
- Critical Pay Components
- Current State of our Pay System

Background & History

- 2003 - Recommendations to Council made for a market based/merit driven pay system
- 2004 – Current market based/merit driven compensation system implemented for non-represented employees

Critical Pay Components

Market Based System – Requires establishment of benchmark cities for competitive comparisons

- Avondale
- Chandler
- Goodyear
- Surprise
- Tempe
- Tucson
- Peoria
- Mesa
- Phoenix
- Gilbert
- Scottsdale

Critical Pay Components

City-Wide Market Review/Adjustments

- Annual market review conducted
- Market “philosophy” + or – 5% of the average maximum of comparative cities pay ranges
- City pay ranges adjusted to stay within market philosophy – last city-wide adjustment (non-represented) 2007



Critical Pay Components

City-Wide Merit Increases

- “Pay for Performance” pay plan
- Performance goals set annually
- Merit increase based on employee meeting or exceeding goals
- Last merit increase (non-represented) - 2008

State of Our Pay System

- No city-wide market adjustments in pay ranges in 6 years
 - Our pay ranges have fallen behind market
 - Difficult to attract and retain employees
- No merit increases in 5 years
 - No method to reward good performance
 - Morale is lowered
 - Increases non-represented employee turnover

State of Our Pay System

- City pay ranges broader than average market ranges
 - Our pay ranges run 60% from minimum to maximum
 - Best practices reflect a range of 40%
 - Our range minimums and midpoints are well below the market averages

State of Our Pay System

Market Range (40% wide)



Glendale Range (60% wide)



State of Our Pay System

- Glendale is less attractive as an employer
- Experienced new hires brought in equal or higher than current experienced employees (equity concerns)
- High turnover
- Creates service impact to Glendale residents and customers



State of Our Pay System

Outside Candidate – 5 years experience



Glendale Employee – 5 years experience

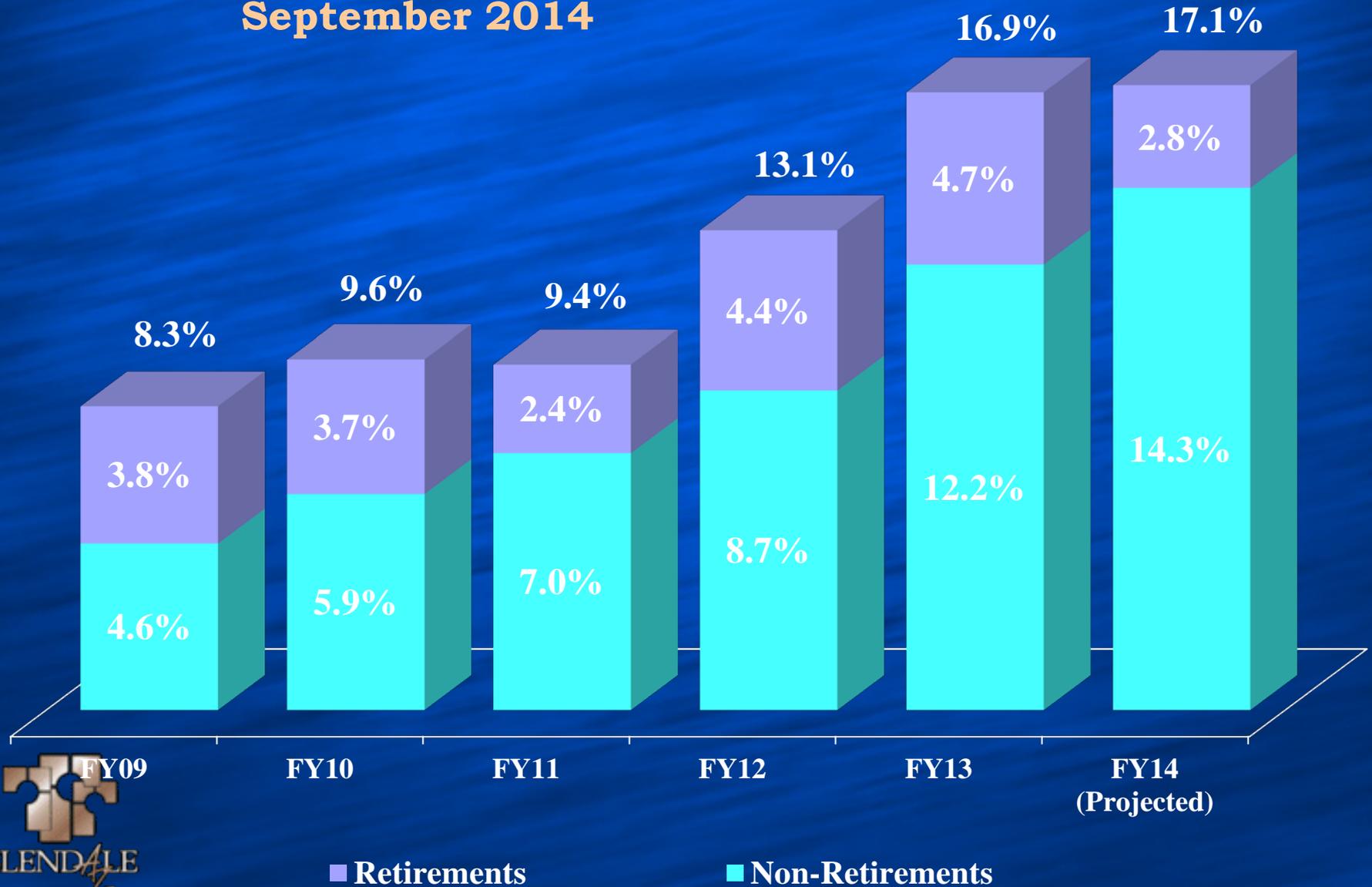


State of Our Pay System

Equity concerns:

- 1) Bringing in a new hire at equal or higher pay than experienced employee doing the same job
- 2) Supervisor being paid equal or less than employees they supervise

Non-Represented Employee Turnover FY14 Projection based on turnover through September 2014



Conclusion

Possible solutions to address issues with our compensation system will be brought forward during budget workshops

Questions?

