



# **Classification & Compensation Study Implementation Plan**

November 15, 2022

# Background

- The City's Memoranda of Understanding (MOUs) with the Huntington Beach Municipal Teamsters (HBMT) and the Management Employees' Organization (MEO) include a provision to conduct a Classification and Compensation Study
  - This was first included in the 2019-2020 MOUs & the successor MOUs
- Conducting periodic Classification & Compensation Studies helps to ensure the City's job positions are meeting current operational needs, simplifies and modernizes job titles, provides clear promotional ladders, and informs the City of its market position in terms of pay and benefits amongst comparator agencies



# Background

- In March 2021, City Council approved an agreement with Public Sector Personnel Consultants to conduct a citywide Class & Comp Study
  - Established comparator market of 8 agencies in Orange County: Anaheim, Costa Mesa, Fullerton, Garden Grove, Irvine, Newport Beach, City of Orange and Santa Ana
- Solicited feedback from employees on their job duties via the Position Analysis Questionnaires (PAQs)
- Conducted market analysis for base salary and total compensation as of July 2021 and updated in July 2022



# Background

- New MOUs approved in December 2021-January 2022 moved most associations onto a new master salary schedule
  - Made significant progress towards internal equity within and across departments
  - Allows for more precise salary adjustments to the market, because salary ranges are now 1% apart



# Job Market Challenges

- Difficulties in recruiting and retaining quality staff
- Agencies in our comparator market are passing new MOUs with significant salary increases ranging from 2 – 11% in response to COVID impacts and record inflation
- Public sector organizations nationwide are struggling to keep pace with the market while balancing financial sustainability



# Results of Salary Survey

- Salary survey data was collected in July 2021 and aged as of January 2022 and July 2022
- Before the new MOUs and master salary schedule were implemented, about 4 out of 10 positions were significantly behind the market
- As of July 2022, 21% of positions are considered market outliers

| Market Outliers                           | Prior to MOUs<br>(As of 7/1/21) | After MOUs<br>(As of 1/1/22) | Current Market Estimate<br>(As of 7/1/22) |
|-------------------------------------------|---------------------------------|------------------------------|-------------------------------------------|
| Job Titles More than 5% Behind the Market | 41%                             | 16%                          | 21%                                       |



# Implementation Strategy

- Proposed implementation plan balances the three legs of the stool: (1) Market Data, (2) Internal Alignment, and (3) Budget Constraints
- Uses market data to place jobs onto new salary ranges that would bring them into alignment with the market so no remaining “market outliers”
- Ensures internal equity by reviewing job families and positions with similar job functions
- Reduces the number of job titles by merging positions with similar job functions, and deletes titles no longer in use



# Agreement Reached with Associations

- Human Resources met and conferred with the impacted associations on the proposed Class & Comp Study implementation plan
- Through discussions with the associations and individual employees, adjustments were made where appropriate and feasible



# Overview of Citywide Changes

| Department                              | New Classifications | Merged Classifications | Modified Classifications and/or Pay Ranges | Deleted Classifications | Total      |
|-----------------------------------------|---------------------|------------------------|--------------------------------------------|-------------------------|------------|
| <b>Cross-Departmental</b>               | 0                   | 0                      | 7                                          | 5                       | <b>12</b>  |
| <b>City Attorney</b>                    | 0                   | 0                      | 5                                          | 3                       | <b>8</b>   |
| <b>City Clerk</b>                       | 0                   | 0                      | 3                                          | 0                       | <b>3</b>   |
| <b>City Manager</b>                     | 1                   | 0                      | 6                                          | 1                       | <b>8</b>   |
| <b>City Treasurer</b>                   | 0                   | 0                      | 0                                          | 0                       | <b>0</b>   |
| <b>Administrative Services</b>          | 1                   | 8                      | 11                                         | 9                       | <b>29</b>  |
| <b>Community Development</b>            | 1                   | 2                      | 17                                         | 3                       | <b>23</b>  |
| <b>Community &amp; Library Services</b> | 2                   | 2                      | 13                                         | 8                       | <b>25</b>  |
| <b>Finance</b>                          | 0                   | 5                      | 6                                          | 5                       | <b>16</b>  |
| <b>Fire</b>                             | 1                   | 0                      | 12                                         | 0                       | <b>13</b>  |
| <b>Police</b>                           | 1                   | 2                      | 10                                         | 7                       | <b>20</b>  |
| <b>Public Works</b>                     | 2                   | 38                     | 36                                         | 14                      | <b>90</b>  |
| <b>Total</b>                            | <b>9</b>            | <b>57</b>              | <b>126</b>                                 | <b>55</b>               | <b>247</b> |

# Non-Associated

Based on Class & Comp study, the following adjustments are being proposed to the appointed Non-Associated positions:

- Add new title of Deputy City Manager
- Modify title of Deputy Director of Homelessness & Behavioral Health Services
- Align pay ranges of Assistant City Manager, Police Chief, Fire Chief, and Chief Assistant City Attorney to the market average
- Amend Fire Chief employment agreement to include Longevity Pay and Education Incentive Pay to align with existing benefits provided to Fire Management



# Fiscal Impact

- The total cost of the proposed side letters with HBMT, MEO, FMA, and NA is \$1,347,113
  - Note that these costs will be spread between multiple fiscal years as employees earn their annual merit-based salary adjustment
- The side letters with MSMA and SCLEA have no associated costs with classification modifications
- The side letter with HBFA has no cost with Retiree Medical Trust employee contribution updates, which is also incorporated with FMA



# Staff Recommendation

- Approve Resolutions No. 2022-70 through 2022-76 adopting Side Letters of Agreement with HBMT, MEO, MSMA, SCLEA, FMA, HBFA, and NA to amend the City's Classification and Compensation plan and approve Amendment No. 1 to the Fire Chief's Employment Agreement



# Questions?

