

**UNIVERSITY CITY COUNCIL  
JOINT STUDY SESSION  
5th Floor of City Hall  
6801 Delmar  
October 8, 2018**

**1. MEETING CALLED TO ORDER**

The City Council and Civil Service Board Joint Study Session was held in the Council Chambers on the fifth floor of City Hall, on Monday, October 8, 2018. Mayor Crow called the Study Session to order at 5:30 p.m.

In addition to the Mayor, the following members of Council were present:

Councilmember Steven McMahon  
Councilmember Paulette Carr  
Councilmember Jeffrey Hales  
Councilmember Tim Cusick  
Councilmember Stacy Clay  
Councilmember Bwayne Smotherson

Also in attendance was City Manager, Gregory Rose; City Attorney, John F. Mulligan Jr.; HR Director, Yolanda Howze; Joe Rice and Taylor Sprague from CBIZ; and Joan Suarez, James Stephenson, and Michael Waxenberg from the Civil Service Board.

**2. CHANGES TO REGULAR COUNCIL AGENDA**

Councilmember Smotherson made a motion to move Items J-1, J4, and J5 from the consent Agenda and place them under the City Manager's Report for discussion and consideration. It was seconded by Councilmember Carr and the motion carried unanimously

**3. Compensation and Classification Study**

*Requested by the City Manager*

Presentation by CBIZ Talent and Compensation Solutions

Mr. Rose stated first, he would like to welcome the representatives from CBIZ, as well as members of the Civil Service Board, and express his appreciation for their attendance at this Joint Study Session.

He stated tonight's session was requested to provide everyone with an update on the current status of the City's Compensation and Classification Study current underway, and that presentation will begin with introductions by Ms. Howze, HR Director.

Ms. Howze introduced CBIZ consultants Joe Rice, Project Manager for the Compensation Consulting Division and Taylor Sprague, Associate Compensation Consultant, who will provide Council and the Board with a presentation and overview of this project. Ms. Howze noted that she would be available throughout the presentation to answer any internal questions that may arise.

Mr. Rice thanked Council and staff for the opportunity to introduce his company and provide an overview of the Class & Compensation Study.

**Introduction**

CBIZ is a publicly traded company in the professional services management consulting industry, with two principal divisions:

**Finance & Insurance**

- Tax valuation services
- Audits
- Various insurance-related vehicles

## **Benefits & Insurance**

- Benefit's brokerage
- Retirement plans
- Talent & compensation solutions
- Executive searches

CBIZ has over 100 offices and maintains 4600 employees. Its St. Louis office houses the Company's national compensation practice where questions regarding compensation for every industry and geography are answered. Mr. Rice stated his focus is primarily in the public sector; i.e., municipalities, state governments, and pension funds.

## **Objective of the Study**

CBIZ was retained to review the City's classification and compensation structure to achieve the following goals:

1. To ensure that U City has a compensation structure & classification system that is competitive and supports the need to attract and retain qualified talent.
2. To establish a system that continues to grow and change with the City's requirements aligns with its broader goals and strategies.

The CBIZ analyses will include:

- Evaluating positions to determine where they should fit within the hierarchy
- Comparison of current pay to related markets
  - *A custom peer review where CBIZ invites peer organizations to provide their compensation data*
- Internal equity and compression
  - *How is pay distributed, internally*
- Salary structure
  - *How the minimums, midpoints, and maximums relate to the market*
- Employee benefits
  - *How it competes with other compensation packages*
  - *Does U City's benefits package help or hurt its competitive position*
- Update job descriptions
  - *A review of job classifications under the Fair Labor Standards Act to determine whether they are exempt/nonexempt from overtime provisions*
- Recommended compensation policies & procedures

## **Methodology**

1. **Definition of Market Pricing** = valuation of pay for jobs in the external labor markets.
  - *A key component of this study is, understanding how comparable organizations would compensate a similar position.*
2. **Valuation of Pay**
  - Custom survey
    - *Completion of a highly structured job analysis questionnaire for U City employees to determine the overview of the position; i.e., key accountabilities; qualifications, and environmental factors.*
    - *82.7% completion rate for the questionnaire.*
  - Published survey data
    - *Data published by third-party consulting/surveying firms.*
    - *Surveys that have a large amount of participation so results are statistically validated.*
  - Statistical compensation information
    - *Data which tends to be too generic or broad are excluded; i.e., free internet data or Dept. of Labor compensation data.*

### 3. Jobs

Encompasses results from the job description analysis questionnaires completed by employees to make labor market comparisons.

- Job evaluation
  - *There is a need to understand each position in order to know what the job entails and where it competes in the broader labor market.*
- Career Paths
  - *Where does the job fit within the organization?*
  - *Is it a job that's broadly defined?*
  - *Is it a job that's narrowly defined with different levels for the same position?*
  - *Is there is a more appropriate common title for the job?*
  - *Is there a title that would better represent what the job entails?*
  - *Updating job descriptions to ensure that the content received from employees flows through to the updated job description.*

### 4. Compensation & Benefits Peer Study

A peer group of cities representing a good comparison set are invited to participate in a Compensation & Benefits Study.

- *Based on a summary description and additional guidance that the position must be at least 70% similar, participants are asked to match their job to the City's job.*
- *75 of the City's jobs were identified as being common to other municipalities.*

Mr. Rice provided Council and the Board with an illustration exhibiting the list of participating cities. He stated based on some of the information already received he thinks they will be able to have good, reliable survey data to work with. Any position found to be uncommon to other municipalities or not included in the survey will be researched by using their survey library.

### 5. External Labor Market

How should the labor market be defined for purposes of this study?

- Defining the Labor Market
  - *CBIZ thinks of the labor market in terms of location, geography, and size of the organization.*
- Location
  - *The majority of U City's positions can be recruited locally from an available talent pool.*
  - *Specialized or senior level positions may require a broadening of the geographic scope to include state-wide, region-wide or nation-wide.*
- Industry
  - *The comparison industry for the survey is municipal government.*
  - *Other positions like HR, IT and Accounting are not exclusive to municipal government.*
- Size
  - *An important, yet somewhat tricky consideration is the ability to identify cities that have similar populations and structures.*
- Salary Information
  - *CBIZ brings in the 25th, 50th, and 75th percentiles to determine the competitive range of pay.*
  - *The 25th Percentile is where 25% of organizations pay below that amount and 75% pay above.*
  - *The 75th Percentile is where 75% of organizations pay below that amount and 25% pay above.*
  - *CBIZ refers to the 50th percentile as meeting the market because it is the starting point that will be the anchor salary structure going forward. This is the approach that 85% of organizations take when designing their salary structures.*
  - *The range minimums and maximums provide additional flexibility.*

- *There is an opportunity to pay below the 50th percentile for new employees or a new job classification.*
- *There is an opportunity to pay above the 50th percentile for tenured employees with good performance.*
- Aging Data
  - *All data, whether it's collected via CBIZ surveys or from custom surveys are conducted at a specific point in time. So, CBIZ tries to predict how salaries are going to move by aging that data forward.*
  - *A planning date of January 1st is used and data is aged annually through percent and pro-rated to accomplish a common effective date.*

Mr. Rice stated that the bulk of their work takes place during the collection of market data for each position. The next step is to slot positions into the salary structure based on the data.

## 6. Salary Structures

Salary structures are helpful because they ease the administration internally by allowing you to categorize jobs of a similar market value into the same grade.

- *Example:*
- *The 50th percentile for Job XYZ came in at \$35,454 and based on this hypothetical structure that market benchmark most closely aligns with the midpoint in Grade 2. So that becomes the number that approximates the market 50th percentile.*
- *If you had another job that came in at \$36,200, it would also slot into Grade 2, since jobs of similar market value are classified based on the closest midpoint.*

Mr. Rice stated there is a need to figure out how wide a pay range should be following market data and best practices. So as they design salary structures there are a couple of tools they can work with.

## 7. Wage Spread

A wage spread is a distance from the minimum to the maximum.

- CBIZ tends to recommend (V) shaped structures.
  - *When you look at the market data, jobs lower in the classification system that spread from the 25th percentile to the 75th percentile tend to be narrower. Jobs that do not require a huge learning curve oftentimes do not have a big gap from entry-level performance and competence in the role.*
  - *As positions get more complex there is a wider learning curve, wider performance, and so you tend to see the range spread get wider.*
  - *Midpoint differentials tend to get bigger as you move up the organizational ladder. Advancing from a Laborer 1 to a Laborer 2 acknowledges that you're better at performing your role; that you can lead others, and that you can work independently, but it's basically the same position. However, going from a manager to a director is a bigger jump in responsibility, so the midpoint differentials increase.*

## 8. Other Considerations

- Is the salary structure an open pay range or a step structure?
  - *Today, U City utilizes a step structure, which is common with most municipalities.*
- How well does U City's pay track in the market?
  - *Final report & recommendations*
- Will the City's benefits' package make up for a below-market analysis?
  - *Utilization of a valuation process that totals up the fixed amount contributed to benefits and the number of head counts.*
- Retirement, paid time off, and other miscellaneous benefits tied to salary.
  - *Capturing the variable cost allows you to come up with the benefits' value which is then compared with peer cities.*
  - *Peer cities will also be asked to provide supplemental information on their plans to determine the rates covered for medical benefits; i.e., 80%, 100%*

- Draft Policies & Procedures
  - *Evaluation and recommendations on what's in place; how the City handles new hires; promotions; demotions; your annual compensation review for adjusting the salary structure or what steps you should take annually to adjust your salary structure.*
  - *Job descriptions are reviewed and updated to make sure they are aligned consistently; that all ADA compliance-related issues are documented, and that they are properly classified under FLSA.*

## 9. Next Steps

- Completion of preliminary results by the end of November.
- Internal meeting with staff to discuss initial findings; recommendations; possible changes in the salary structure and whether there are any differences in the market data versus internal factors.
- Final Report & Recommendations wrapped up by the end of the year.

Councilmember Clay stated as most of us know, U City prides itself on having a diverse workforce. However, it's been his experience from working in public education that often there is a higher cost associated with attracting and finding diverse candidates who may not be clicked into the conventional networks where you might source employees. Mr. Rice, can you and perhaps, the City Manager, talk a little bit about identifying labor and market characteristics for attracting diverse candidates? Mr. Rose stated the discussion regarding what the City's recruitment process will look like will be a topic for another Study Session since it is outside the scope of this analysis. However, the recruitment of women and minorities is certainly on staff's radar, and they are currently looking at the possibility of bringing back the Cadet Program for both Police and Fire. With respect to other professions, like engineering, staff has discussed expanding their search to include HBCs. Mr. Rose stated that the bottom line is that staff is taking steps to try and do a better job, but at this point, a strategy; much more comprehensive than what he is able to provide today, must be established.

Councilmember Clay stated even though he understands that every municipality has its own complexities, he would dare to say that Overland, Glendale, and Shrewsbury are far less complex than U City. So he was curious to know how these peer groups factored into the compensation study? Mr. Rice stated while they are still pouring through the results from each participant, the one thing he alluded to is that it was tough to find a good peer group for U City since it is one of the larger; if not the largest municipality within the County representing its geographic proximity for recruitment. He stated traditionally, they look to define a peer group that's one-half to two times the size of a city, but that can also pose a challenge. So they tried to balance some of that out by including Cities like St. Charles, St. Peters, and Chesterfield, to make certain there would be enough organizations to provide data for all of U City's positions. Because if you only have a small group of peers and you end up with only four cities providing data for a specific position, at that point it becomes really questionable as to whether or not it's a good and reliable source.

He stated CBIZ also works with some of the other peer cities on this list, so he is aware that they utilize aggressive compensation policies that position their structures to be above the 50th percentile. So even though they might be smaller, they are more aggressive with pay, and U City is included in their list of peer groups. So, while this is a valid question, he has not seen anything to date, that would lead him to say these cities would create a negative impact on the study. Mr. Rice stated if a percentile falls toward the bottom of the rung, that means more than likely they are going to fall below the 25th percentile and completely be removed from the results because consideration is only given to cities that demonstrate the 50th percentile or above when establishing salary structures.

Councilmember Smotherson questioned whether Council would be provided with a better understanding of the City's employee benefits and how they rank with other municipalities after the study is completed? Mr. Rice stated what they want to be able to provide at the end of this study is information on the valuation process and some key benchmarks, to include the absolute premiums that are paid, the cost shared between the City and its employees, and whether the City's medical contribution rate is on pare. But keep in mind that the intended goal is to look at the parameters and share what other municipalities are doing in both absolute and relative terms, not to make any recommendations regarding the need to push more consumerism on the City's employees or anything of that nature.

Councilmember Smotherson asked Mayor Crow if it would be appropriate at this time to either make a motion or request that the employees who are present be allowed 5 or 10 minutes to make any comments? Mayor Crow stated anytime a request is made to suspend the rules it must be accompanied by a motion and a vote from this body. And while his hope is that the City Manager has made himself available to talk to employees about any questions or concerns they might have, he believes the bigger question these folks might have at this point, is what happens once the study is completed in December? And if any adjustments are to be made, is there an anticipated timeline for when that process would occur?

Mr. Rose stated once staff receives the Final Report it will be provided to Council and discussed in a supplemental briefing. He stated based on a recent survey conducted by a local paper which indicated that U City salaries were not competitive and failed to rank within the top 10 cities in the metropolitan area, his assumption is that salaries will likely fall below the market rate. Should that be the case, any timeline will be dependent upon how much they fall below market rate. Mr. Rose stated he would love to make immediate adjustments, but they may have to be phased in over a one or two year period.

The other issue is that when this project was initiated the City committed to a July 1st completion date, with the goal of implementing any adjustments as a part of this year's compensation. There are a number of reasons why they were unsuccessful in meeting that deadline, but he has asked the City Attorney to determine if there is any way possible the City could still provide employees with that compensation irrespective of the completion date. Mr. Rose stated he would have more information once John completes his investigation and they get deeper into the budget process.

Councilmember Carr asked what percentage of the total number of jobs within U City did the 75 jobs identified in the peer group survey represent? Mr. Rice stated U City has 110 positions, but since not all of the 75 jobs identified in the survey will be equivalent, that number represents roughly 75% of the jobs. He stated even though they only collected data for 75 jobs, all of the City's positions will be evaluated. For the balance, they will use in-house survey data or work internally to make sure positions are slotted correctly. Mr. Rice stated there will always be a relatively small number of jobs that you won't be able to find good benchmark data for in practically every study.

Councilmember Carr asked if the necessity to upgrade a specific job description would have any impact on the positions that have not been included in the survey data? Mr. Rice stated that they already have the content from which the job descriptions will be rewritten, and currently utilizing that data as the benchmarking process to make the necessary upgrades. However, they can look at it again, to make sure that when they start to make their comparisons they are looking at the right information.

Councilmember Cusick asked Mr. Rice if he knew the actual number of employees represented by the 82.7% that had answered the questionnaire?

Mr. Rice stated although he is unable to do the calculations off the top of his head, the City has a total of 250 employees. Councilmember Cusick asked Mr. Rice whether their peer city analysis took factors, like revenue into consideration? Mr. Rice stated the target is for peer groups in total, to be representative of an average or median range. However, no adjustments are made to their data because the thought process is that when you're looking at compensation it should be based on who you compete with for talent. He stated there might be cities that have larger or smaller budgets but if your employees are leaving and going to work for them, then you need to understand what their compensation is.

Councilmember Cusick asked if the comparisons for how well U City's pay tracks in the market were based on local or national averages? Mr. Rose stated they are based on the local market. But, if he could respond very briefly to one of his other questions, one of the decisions staff will be asking the Mayor and Council to make is, where do you think U City should be on that competitive line; the 50th percentile; 75th percentile or the 80th percentile? And he suspects, that his recommendation will be based, in part, on what he thinks the City's revenue stream will be long-term.

Ms. Howze stated from 2003 to 2010, the City strived to maintain salaries at the 80th percentile, and that's the reason she had asked CBIZ to include that number in their presentation.

Councilmember McMahon stated his assumption is that any comparisons related to job classifications would include the basics; this an entry-level position; this is more complex. But will those comparisons be pared down to a level where Council and staff can easily make distinctions; especially as it relates to public safety, as to the number of calls; the type of calls or how dangerous a position might be? Mr. Rice stated while comparisons can be made as to an entry-level professional versus a senior level director or strategic position, in most instances, other types of metrics are not something that can readily be scoped out between the different cities. But here again, the real question is, who do you compete with for talent? So even though no allowances or adjustments are made based on those type of considerations, they could certainly be something that is recognized in an employment value proposition. He stated there are also things that might be hard to quantify, and yet, be an influence, such as the reasons why people either want to come or they don't want to come to a city, but that's dealt with in the compensation study.

Councilmember Hales asked if there was a frequency in which this type of study should be performed? Mr. Rice stated for cities of this size their recommendation is that they are performed every three to five years. Because over the next five years one of the things it will provide is a salary structure update letter to make sure the City's minimums remain competitive and its maximums are appropriate. And while that's good over the short-term, in reality, you might have a position in IT with a 10% growth in the market and an accounting position with only 1 1/2% growth. He stated CBIZ also has survey data published annually that tracks what other organizations are doing for their salary increase process and what steps they are taking to adjust their structures. So by looking every three to five years, you can help track those market trends better.

Councilmember Hales stated over the years he has attended the vast majority of meetings and does not remember anything like this ever being conducted. So he was curious to know whether anyone had a reference as to if or when the City might have performed a Compensation & Classification Study? Ms. Howze stated based on her recollection; which dates back to 1994, this is the first study that has ever been performed. However, prior to 2010, she would conduct her own analysis every year utilizing some of the cities included in the study's peer group. She stated they used a Public Salary Module to compare salaries, make annual updates to the Pay Ordinance based on the objective to maintain that 80th percentile for benchmark jobs, and thereafter, adjust the other positions accordingly.

Mayor Crow asked if any members of the Civil Service Board had any questions? And if not, he would be willing to open the floor up for the next 10 minutes to allow for public comment if members of Council wished to make the appropriate motion.

Michael Waxenberg, a member of the Civil Service Board, stated he would be in favor of hearing from the audience.

Councilmember Smotherson made a motion to suspend the rules and allow participants in the audience to ask questions, seconded by Councilmember Hales and the motion carried unanimously.

Hearing no requests to speak, Mayor Crow thanked members of the Civil Service Board, and the representatives from CBIZ for joining Council at tonight's meeting. He stated his hope, is that as this City moves forward it will continue to address its employees' compensation needs and the diversity of its workforce. Because diversity is one of those values citizens of U City truly respect and believe in, that in spite of our efforts, oftentimes is not fully achieved.

Councilmember McMahon moved to adjourn the meeting, it was seconded by Councilmember Smotherson and the motion carried unanimously.

## **Adjournment**

Mayor Crow closed the Joint City Council Study Session at 6:19 p.m.

LaRette Reese  
City Clerk

