

**Minutes Meeting
Citizens' Compensation Advisory Committee
January 20, 2015**

Members Present: Connie Spyropoulos-Linardakis, Chair
Kerma Jones (by telephone)
John Mathews
Cori Petersen
Dale Cox
Frances Hume
Jennifer Seelig

Members Excused: (none)

Staff Present: David Salazar, City Compensation Administrator
Jodi Langford, City Benefits Administrator
Nancy Torres, Committee Support/Coordinator

Guests: Jeffrey Vaughn (SLC Association of Firefighters – Local 1645); Val Thometz
SLC (Vice-president, Association of Firefighters– Local 1645); Michael Millard (SLC
Police Association); Justin Miller (Executive Director, AFSCME – Local 1004); Jonathan
Pappasideris (SLC Attorney's Office).

Meeting Open & Welcome: The meeting was opened by Committee Chair Connie Linardakis. All members were present, including member Kerma Jones who participated in the meeting via telephone conference.

Adoption of January 7, 2015 Meeting Minutes: Final review and approval of these minutes was postponed until the next meeting in order to allow for additional details to be added to the initial draft previously issued to all Committee members.

Presentation by Salt Lake International Association of Firefighters (Local 1645): Jeffrey Vaughn presented on behalf of the Firefighters union. Mr. Vaughn expressed the Firefighter union's support for the Administration's approach to assess Firefighter pay levels by comparing wage information collected from both local and regional cities. He noted from an informal study that approximately 24% of the Department's current firefighters originated from out-of-state. The total combat workforce equals roughly about 300.

John Mathews inquired about the potential for training cost savings resulting from the hire of out-of-state Firefighters. Jeff shared statistics that highlight the Department's distinction as a national leader for setting Fire related practices and training standards including: airport rescue, technical rescue, HAZMAT and cardiac resuscitation. Although there are no known training cost savings, it is believed that SLC Fire's status as a national leader better enables the Department to retain staff. Jeff also noted that prior to the recession, SLC Fire tended to be a "training ground" for firefighters.

Dale Cox asked about the quality of recruits who test for SLC Fire positions compared to five years ago; also asked, is if the Department is able to fill its needs with top ranked recruits. Mr. Vaughn responded that the number of applicants testing has decreased significantly since his own hire 20 years ago. He also noted that the scores of more recent new hires tend to be higher for candidates who came from outside the local region. The Department continues to advertise nationally. He mentioned that although the overall number of applicants has decreased over the years, the scores of individuals who test appear to be higher and more are successfully completing training than before. Attracting qualified candidates has been difficult.

Seeking clarification, Cori Petersen asked if it is true, then, that the Department has needed to expand its search nationally to attract candidates who are capable of meeting the SLC-FD's high standard because the City cannot fill open positions with local recruits. Jeff stated that he believes that this is partially true. He believes that

applicants also choose to test with Salt Lake City because it is also an attractive place to live, which in turn helps the City fill its needs.

Frances Hume inquired further to help understand why comparing pay regionally (rather than locally) is better. She asked, "Do candidates from other places still come in and get trained, then leave?" and does the pay offered "help to retain candidates or only help to attract and then they leave? Jeff responded saying that the pay offered enables the City to both attract and retain. Jeff noted that both during and since the recession nobody is leaving the Department, even for retirement reasons; overall, employees are staying.

Presentation by Salt Lake City Police Association: Connie called upon and introduced Michael Millard to present on behalf of the SLC Police Association. A hard copy of his presentation was distributed to Committee members.

Mr. Millard cited factors which distinguish Salt Lake City from all other Utah cities, including: higher crime rate, larger population (including a day time population that nearly doubles each work day), call volume. Other issues that make SLC unique: Salt Lake is the only city with an international airport; service call volume; national protests staged; and, major hub for LDS church and conventions. He also indicated that SLC leads the state in training and sets most standards for policy and procedure, including cities nationally.

Michael asked for consistency in how wages are compared, stating that labor groups are compared to a local market based on a standard of 40,000 residents while most of the remaining groups are compared nationally based on job duties, performance and responsibilities. The Police union believes that Police Officers duties are unique enough that they should also be compared on a national basis. He also cited that instead the criteria used to survey Police Officers locally includes cities with populations of 40,000 residents or more while Department Heads are compared nationally to cities with population range of 100,000 to 600,000. The basis for this difference, he stated, is due to the City's claim that it surveys within the area from which it draws talent. The City's high ranking and reputation for safety, especially among business entities, was also mentioned as a consideration for comparing Police on a national basis.

In regard to the standard used for selecting comparable local cities used by the City, Michael claimed that certain jurisdictions should be excluded based on population sizes less than 40,000 and/or differences in function – including Cottonwood Heights, State of Utah (due to responsibility for traffic related issues on highways only), Utah Transit Authority; also, Davis, Weber & Utah county sheriffs (based on limited unincorporated area population size).

Connie asked David Salazar for clarification on the population size standard used for determining comparable Utah cities; David explained that a standard population served of 40,000 or more has been utilized. Dale Cox asked about the size of Salt Lake City's population; David stated it is approximately 186,000.

Other areas of compensation that the Police union believes should also be considered include: local cities who contribute to Social Security and 401(k) programs unlike Salt Lake City, who does neither for Police Officers.

Based on an informal study conducted by union representative among current SLC Police Officers, 28 are from other states (22 of 28 are from other police agencies) and 22 are from the military. He stated that several officers have left for other departments.

Cori Petersen asked how much turnover has increased in the past year, including the percentage rate. Mr. Millard responded saying that he does not know the turnover percentage, but noted several Officers leaving the department. He stated the biggest problem lately is instead with recruitment. Relative to recruitment, Michael noted seeing an average 1,500 or more applicants per recruitment when he was first hired; the latest class had only 250 applicants for a total of 36 positions. Michael reported a total of 24 candidates passed background checks and other examinations; additionally, he claimed that an additional two candidates who failed background checks were later designated as eligible for hire.

John Mathews inquired about the number of candidates that the Department has been able to hire who are already POST certified. Michael responded stating that ten POST certified candidates were hired to fill remaining class vacancies.

Jennifer Seelig inquired about the comparison between the state's basic POST training requirements compared to SLC's expertise and training standards. Michael indicated that since SLC's standards are higher the City opts to train its own classes of recruits. In addition, Jennifer asked how factors including the City's international airport and involvement with Homeland Security were accounted for in comparisons made. In addition, John Mathews asked about the differentiation, if any, of the Airport Police from SLC-PD. Michael clarified that Airport Police are an independent police agency unto themselves.

Jennifer asked Michael to specify at which stage in their career are Officers leaving employment. Michael indicated that the time most common is right after 20 years.

Referring to the Police union's own wage survey, Michael included cities nationwide with population sizes between 90,000 and 270,000. Wage comparisons based on range minimum and range maximum indicate that Salt Lake City's range minimum is at 68% and maximum is 85%.

Related to turnover, John Mathews stated that it appears that the Officers leaving employment are those who have reached their 20-year mark and are then assuming positions with other police agencies, including those out-of-state. Michael confirmed that this is correct.

Connie Linardakis asked for clarification about the cities used the Police union survey. Michael reiterated that the cities included in his survey include those with populations between 90,000 and 270,000, nationwide; including Mountain Region cities, as suggested by the Committee last year.

Frances Hume asked Michael if other cities are also experiencing difficulty finding qualified candidates to fill vacant positions. He cited the reduction in state retirement benefits as a major factor, especially compared to other police agencies who offer richer benefits.

David Salazar noted that the wage information provided to the Committee in the Police union handout appears to be similar to the same provided last year. He asked Michael to clarify if the wage information used in his comparison is "range" or "actual" pay information. Michael indicated that it is range information obtained from the various cities websites. Michael confirmed that the "average" shown in his handout refers to the range midpoint rather than average actual pay. John Mathews and Frances Hume affirmed the vast difference between range midpoint and average actual pay when comparing pay rates. Michael stated his belief that since labor negotiations are based off "top wage rates" that wage comparisons should be made with the same from other police agencies.

Jennifer Seelig asked if the "Chief's [list of] Suggested Cities" referred to in the Police union presentation represent the cities they wish to be compared against. She noted that not all cities on the list are capital cities. Michael suggested that the list reflects cities which the Police Chief considers to be comparable to Salt Lake City, including San Francisco. Dale Cox opined that the inclusion of a large city like San Francisco may have been considered comparable due to likeness in responsibilities and downtown area (e.g. high rise buildings, etc).

Kerma Jones noted the Committee's review of this same type of data in previous years. She also stated that she believes, ultimately, it is necessary for the Committee to make a decision relative to which data source to consider, either one or perhaps even a combination of sources. Connie stated her agreement.

Presentation by AFSCME: Justin Miller, Executive Director of the Local 1004, AFL-CIO, was introduced and invited to make a presentation on behalf of the American Federation of State, County, and Municipal Employees. Justin specified that the group of employees he represents, including 100, 200 & 300 series SLC employees. He expressed concern about City policy which he understands is to pay employees at a rate that is five percent below market. He stated that his purpose is to ensure that City employees actually get paid market rate. He, also, expressed agreement with the approach to rely upon local market wage data comparisons for the City employees

he represents. Based on this consideration, he restated his goal to ensure that employees in fact receive pay at the market rate.

He affirmed that paying market rate is not only in the best interest of the City, but also for employees. It is also the most equitable and fair process, moving forward.

Justin introduced an article, "Balancing the Pay Scale: 'Fair' vs. 'Unfair,'" published by the Wharton School of Management (dated 5/22/2013). Referring members to the section heading, "The Employer Perspective," found on either page three or page six of the article. This section, he stated, indicates that one way to try and shape employees perceptions of fairness is to rely upon direct market wage comparison as a method for setting base wages.

Justin distributed copies of a second article, "Pay Equity and Satisfaction..." published by author R. Eugene Hughes, East Carolina University (The Coastal Business Journal, Spring 2009). Justin referred Committee members to the specific section, Review and Implications for Managers (p. 61), which he stated relates to employee satisfaction, pay equality and pay fairness. Connie noted that the article also cites the importance of communicating both compensation and benefits. She outlined the special focus and consideration the Committee has made to account for the value of benefits offered is factored in the mix along with pay. The City's Hay Group benefits market study, for instance, revealed a benefits value equal to 36-42% that should be added to employees overall compensation mix. Justin commented on potential issues stemming from reductions in benefits value, such as Tier II retirement and movement to high deductible health plans. When considering both pay and benefits, these reductions he noted may detract further from overall employee compensation, especially considering the City's policy to pay below market wages.

Cori Petersen asked David for clarification, stating that it is her understanding not that the City's policy is to pay employees at five percent below market, but rather the City considers employee pay to be within market if it is five percent above or below market. David clarified that the City's position is to maintain pay within five percent of market, not to deliberately pay employees at five percent below market. Justin Miller expressed concern for the potential employee animosity and dissatisfaction that may result by allowing an acceptable standard of maintaining pay within five percent of market; instead, he believes that the City's goal should be to compensate all employees at market.

Cori asked Justin about the turnover for AFSCME-covered jobs. Although he is not knowledgeable about specifics, he indicated that his understanding is that turnover is fairly low and may vary by trade. In addition, Cori asked Justin what difficulty is there in attracting and recruiting talent. Justin indicated that some specialized and highly skilled workforce needs may require more effort.

After the conclusion of Justin Miller's presentation, Jennifer Seelig had questions for Committee staff. Jennifer asked David if the City or Committee had ever conducted an employee satisfaction study. David indicated that no such survey had been done in the last six years. Jennifer suggested that requesting a study among employees might be helpful for the Committee to have as baseline to consider when formulating recommendations. In addition, Jennifer asked for clarification about the City's approach relative to competing directly with the private sector. David explained the City's philosophy is to lag when comparing them to the private sector, especially considering government use of taxpayer dollars to fund operations; he noted that this tends to be a general philosophy and practice among all governmental entities.

John Mathews explained that in his own public sector experience government tends to lag, both for philosophical reasons and in practice (due to the lag between the time that salary data is collected and when action is taken).

2014 Market Data Review & Discussion: David Salazar distributed updated spreadsheets of the local market data collected for the City's benchmarks. He also explained to Committee members that additional data was being prepared for the Committee to consider later, including results from special surveys for Elected Officials & Department Directors, as well as Fire & Police. Connie requested David to outline and explain the specific data fields shown in the local market spreadsheet.

David explained that the information incorporated in the spreadsheet includes: specific City salary benchmarks, # of City incumbents per job, and actual average pay by City job. The same information is detailed for other local

employers with whom the City competes in the local market. He noted fewer than 60 benchmarks identified as working level jobs are surveyed among the 950 or so different citywide job titles. David reiterated that the Committee has historically based its recommendations on its actual average pay.

Cori Petersen inquired about the total number of employees in benchmark jobs compared to the total of City employees, as a percentage—approximately 600 incumbents were estimated among 2,600 employees citywide.

John Mathews asked about the overall compa-ratio for employees citywide. No specific number was noted, but David outlined the City's approach to managing compensation, especially in regard to moving employees through their respective ranges.

Frances Hume asked how specific salary range is considered in the City's approach to compensation management. David explained that actual average pay data is used to evaluate both actual average pay as well as range of City employees. Adjustments to ranges are only made, as needed, when market data indicates range midpoints are significantly below market.

Dale Cox reiterated his concern and question about the market being used to compare Fire & Police wages, suggesting that SLC Firefighters and Police Officers pay should be compared to their counterparts in like U.S. cities.

David highlighted the make-up of the two primary sources used for comparing pay rates against the local market—noted as Wasatch Compensation Group (WCG) and Western Management Group (WGM) on the local market comparison spreadsheet. David noted that employers included in the WCG are other governmental/public sector employers; employers included in WGM are a mix of private and public sector, but mainly large, private sector organizations. David emphasized that salary rates shown in the spreadsheets reflect base pay only. Not included are additional pay allowances or overtime pay amounts given to employees.

In addition to base pay, David noted findings from the Hay Group benefits market study conducted in 2014. Copies of the report were requested to be sent to all Committee members.

David also referred members to jobs indicated on the local market spreadsheet as either leading or lagging market. John Mathews asked David to explain the Committee's approach to how differences between survey sources, WGM & WCG, are handled, especially when the results are high with one and low with the other. David explained that past practice by the Committee has been to consider an average of the two results. Cori Petersen questioned if the difference is calculated as a weighted average or simple average; David noted that a simple average approach has been used.

David also referred members to the trend analysis provided during the last meeting for historical perspective.

Connie asked for clarification used to determine which data source is used to compare benchmarks. David explained that when data is shown on the spreadsheet for one or both sources-- WCG and/or WGM—where matching job data is available. John Mathews suggested that the City may wish to consider one source over another, especially in cases where the survey results are vastly different. Cori Petersen added that a common approach by other employers is to weight one data source more than another—for example, weighting WCG at 80% and WGM at 20% because the City is a public sector employer.

David highlighted jobs shown to either lead or lag market significantly, which is 10% or more. He noted that leading significantly isn't necessarily viewed negatively, especially when considering the City's desire to act as a local pay leader relative to Fire & Police.

Kerma Jones asked if gains have been made over past years in the number of jobs shown to lag market by 10% more. David credited the Committee based on its past recommendations to City leaders for the success in addressing below market pay gaps with funding appropriated for market adjustments.

With regard to Fire & Police, Frances asked about the availability of comparative data for Fire & Police from other U.S. cities. David explained that this information is forthcoming and will be provided in the next meeting.

Jennifer expressed interest in seeing how actual pay of Department Directors compares to regular employee wages, especially as it relates to how either leads or lags market. David explained that comparative data for executives will be shown in a similar format (i.e. actual pay comparison). In addition to comparing actual average pay, Cori Petersen suggested that showing compa-ratio for executives and employees alike would also be helpful to see.

David responded to various questions from Committee members about aspects of the two data sources, WCG & WMG, including how job matches are made. Jennifer Seelig inquired about additional wage & salary data resources available that compare at a regional or broader level. David explained that such data is available, but at significant cost. He also expressed concern

Pertaining to consideration of a national market for comparing executive salaries, Dale Cox expressed interest in knowing the specific areas (cities) from which current department directors came.

Before concluding the meeting, David distributed copies of WorldatWork's 2014-15 Salary Budget Report, Executive Summary to Committee members. He explained the breakdown by employee group reflected in the salary budget forecast. He clarified and further explained statements he made in the previous meeting about the 2014-15 salary budget forecast. In particular, he noted that his statement made it seem as though the forecast was for a 3% general or across-the-board increase for all employees. Referring to the last pages of the handout provided, he instructed the Committee to note the breakdown by specific pay types including: General Increases (COLA), Merit Increases, and Other Increases. Salary budgets for merit increases, or pay for performance, is what is projected at 3%, which for all other employers does not typically result in "one-size-fits-all" increases for all employees.

Next Meeting Date: The Committee's next meeting was scheduled to occur on Monday, February 2, 2015. Meeting time was set for 4:00 – 6:00 PM.

The meeting was adjourned at approximately 6:07 PM.

These minutes were approved in a Committee meeting held on 2/2/2015.