



Date: June 25, 2012

To: Thomas J. Bonfield, City Manager

Through: Wanda S. Page, Deputy City Manager

From: Alethea C. Bell, Director of Human Resources
Dawn A. Holmes, Senior Human Resources Consultant

Subject: FY 2012-13 Compensation and Classification Plan Recommendations

Executive Summary

Pay adjustments and classification studies are part of the Well Managed City goal of the Strategic Plan. This agenda item recommends changes to the City of Durham's Compensation and Classification Plan including pay grade changes, classification title changes, classification additions, classification deletions and market pay adjustments.

The Durham Minimum Livable wage recommendation will increase the livable wage rate from \$11.55 to \$11.91 per hour. A recommended pay structure adjustment based on the proposed Durham Minimum Livable Wage rate is included. The adjustments will be applied to the minimums, midpoints and maximums of pay grades 200, 201, 202, 203 and 204 in the Non-Exempt Pay Plan.

The Durham Minimum Livable Wage increase and structure adjustments to the affected pay grades in the Non-Exempt pay plan would be effective January 1, 2013.

Recommendation

The administration recommends the attached updates be approved and adopted into the City of Durham's Compensation and Classification Plan effective August 13, 2012 for affected employees. This recommendation includes the provision for a three percent (3%) increase or new pay grade minimum, whichever amount is greater to be effective August 13, 2012. Implementation of this recommendation will affect the August 24, 2012 pay date for those employees eligible for a salary adjustment resulting from this reclassification process. (Attachment 1)

The administration recommends an increase to the Durham Minimum Livable Wage rate from \$11.55 to \$11.91 per hour and the attached updates to the pay grade structure related to the increase effective January 1, 2013. (Attachment 2)

Background

To maintain the City's market based pay plan and remain competitive with changing market rates, the Human Resources Department conducted the annual market salary study in January of 2012. This study surveys comparable organizations within the Southeast region. The recommended compensation and classification changes are based on data collected through this market survey on comparable jobs, Job Evaluation Manual (JEM), comp ratio computations, and internal equity considerations. Departments were also able to submit requests to study specific classifications and positions. Recommended changes related to those studies are included in this agenda item.

The recommendation for the adjustment to the City of Durham's Minimum Livable Wage rate is based on seven and a half percent (7.5%) above the Federal poverty rate for a family of four as established by the United States Census Bureau. The poverty threshold guideline for a family of four as of 3/2012 was \$23,050. This amount, $\$23,050 \times 1.075/2080 = \$11.91/\text{hr}$. The calculation based on the above formula supports the recommendation to increase the City of Durham's livable wage and the recommended adjustments to the pay structure.

Issues and Analysis

The compensation and classification recommendations in this agenda item are based on the 2012 analyzed data collected from the 2012-benchmark survey and requested position studies conducted citywide.

The recommended market and structure adjustments are necessary to maintain our market competitiveness and help prevent internal bypassing and compression issues.

Alternatives

No alternatives recommended.

Financial Impact

The total financial impact for the FY2012-13 recommended changes for the General Fund is approximately \$147,000. The financial impact for the Water and Sewer Fund is approximately \$9,238. The total financial impact of the combined funds is approximately \$156,238. The financial impact for implementation of the pay grade changes is based on a three percent (3%) increase.

SBDE Summary

There are no SBDE requirements.

Attachments

Attachment 1 – Recommended changes to the City's Classification and Compensation Plan, effective August 13, 2012.

Attachment 2 – Recommended changes to the City's Pay Grade Structure, effective January 1, 2013.