



CITY OF DURHAM | NORTH CAROLINA

Date: May 15, 2013

To: Thomas J. Bonfield, City Manager
Wanda S. Page, Deputy City Manager

Through: Alethea C. Bell, Director of Human Resources

From: Dawn A. Holmes, Compensation and Classification Manager

Subject: FY 2013-14 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 \$11.91 to \$12.17 per hour. The Durham Minimum Livable Wage increase would be effective January 1, 2014.

Recommendation

The administration recommends the attached classification title and pay grade changes listed in the FY2013-2014 Classification and Compensation Plan Recommendations -Attachment 1 be approved and adopted into the City of Durham's Compensation and Classification Plan effective July 1, 2013 for affected positions. (Attachment 1)

This recommendation includes the provision for a 1.5 percent increase or new pay grade minimum, whichever amount is greater, to be effective July 1, 2013. Implementation of this recommendation will affect the July 14, 2013 pay date for those employees eligible for a salary adjustment resulting from this market adjustment and reclassification process.

The administration recommends an increase to the Durham Minimum Livable Wage rate from \$11.91 to \$12.17 per hour to be effective January 1, 2014.

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 2013. 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, 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. (Attachment 1)

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 3/2013 was \$23,550. This amount, $\$23,550 \times 1.075/2080 = \$12.17/\text{hr}$. The calculation based on the above formula supports the recommendation to increase the City of Durham's livable wage and possible adjustments to the pay structure.

Issues and Analysis

The compensation and classification recommendations in this agenda item are based on the 2013 analyzed data collected from the 2013-benchmark survey and requested position studies conducted citywide.

The recommended adjustment to the City of Durham's Minimum Livable Wage rate may require an additional assessment and possible future adjustments to existing pay structures within the Non-Exempt, Exempt and Senior Management pay plans. Structure adjustments to the aforementioned pay plans in conjunction with the implementation of the Durham Minimum Livable Wage rate increase may be 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 FY2013-14 recommended changes for the General Fund is approximately \$ 65,000. The financial impact cost for the implementation of the pay grade changes is \$65,000 based on a 1.5 percent increase.

SBDE Summary

There are no SBDE requirements.

Attachments

Attachment 1 – Recommended changes to the City's Classification and Compensation Plan, effective July 1, 2013.