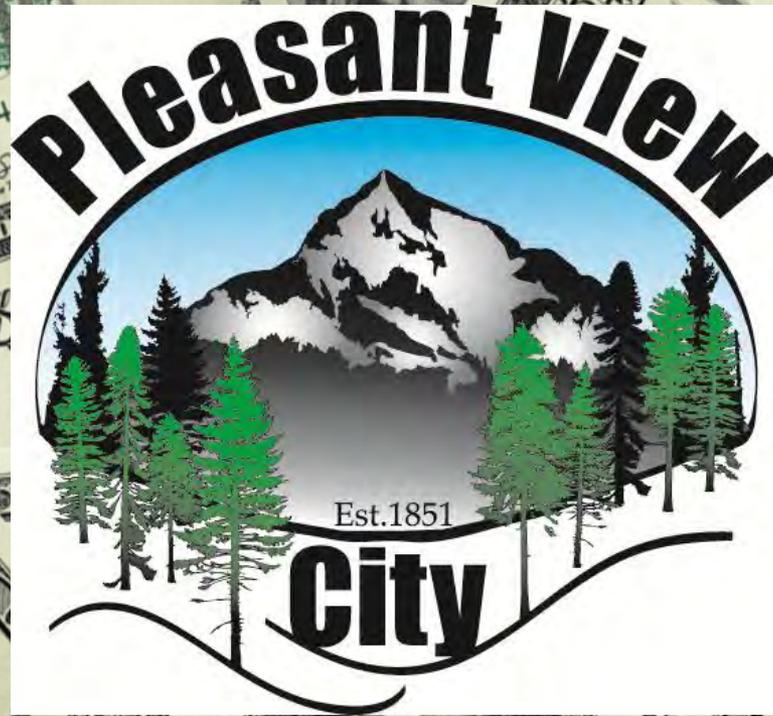


Market and Performance Based Pay



Pay Plan Objectives

- Provide compensation that:
 - Is consistent with what the market is paying, and
 - Accurately reflects performance
-

Four Components

1. Pay Ranges
 2. Market Adjustments
 3. Performance Evaluations
 4. Performance Pay
-

Step 1—Pay Ranges

- Annually perform a market survey (aka salary survey)
 - Like many Utah cities, Pleasant View participates in Technology Net's wage and benefit database (Compensation Survey System)
 - The database allows users to customize their benchmark groups and easily run queries
 - Pleasant View uses other northern Utah cities as benchmarks (i.e., our "market")
-

Step 1—Pay Ranges

- Determine average market pay range (min-mid-max) for each position
 - Pleasant View's policy:
 - Adopt the market averages as Pleasant View's pay ranges
 - Each position has its own range (no multi-position pay grades)
 - True comparison of like positions
-

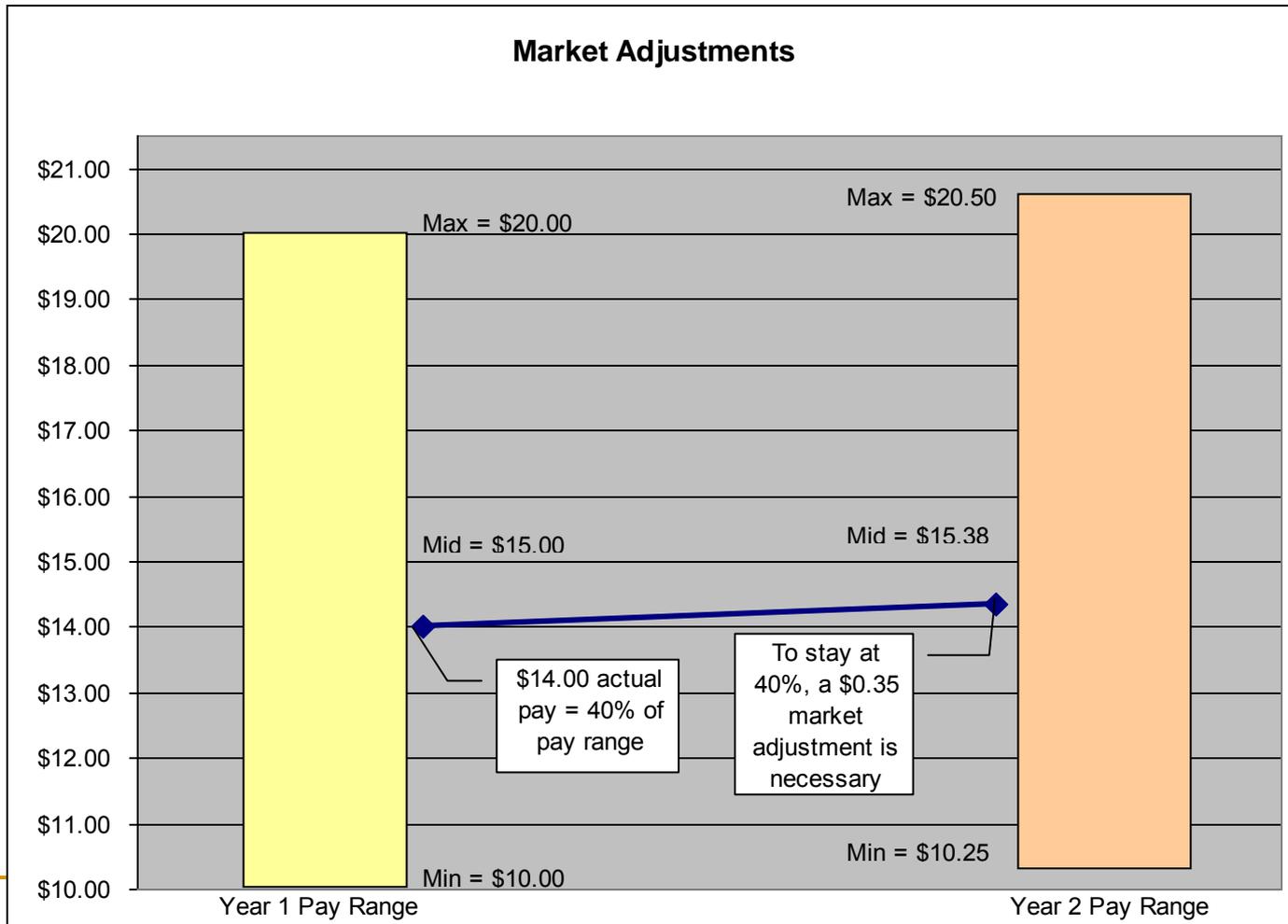
Step 1—Pay Ranges

Position	Min	Mid	Max
Chief of Police	\$ 31.38	\$ 38.02	\$ 44.65
Community Development Director	\$ 29.91	\$ 36.51	\$ 43.10
City Recorder / Finance Officer	\$ 24.24	\$ 29.89	\$ 35.55
Police Lieutenant	\$ 23.84	\$ 28.72	\$ 33.61
Utilities Superintendent	\$ 22.04	\$ 26.93	\$ 31.82
Public Works Superintendent	\$ 21.92	\$ 26.55	\$ 31.19
Sergeant	\$ 21.06	\$ 25.24	\$ 29.41
Detective	\$ 19.39	\$ 23.83	\$ 28.27
Police Officer III / Master Police Officer	\$ 19.27	\$ 23.48	\$ 27.68
Foreman	\$ 17.65	\$ 21.50	\$ 25.34
Treasurer / Executive Assistant	\$ 17.15	\$ 21.31	\$ 25.47
Police Officer II	\$ 17.40	\$ 21.19	\$ 24.98
Court Administrator / Utility Billing Clerk	\$ 16.59	\$ 20.60	\$ 24.62
Building Official / Code Enforcement Officer	\$ 16.94	\$ 20.20	\$ 23.47
Mechanic	\$ 15.36	\$ 20.03	\$ 24.70
Police Officer I	\$ 16.18	\$ 19.71	\$ 23.24
O&M Tech II	\$ 13.80	\$ 17.05	\$ 20.30
Animal Control Officer	\$ 14.00	\$ 16.89	\$ 19.78
Police Secretary	\$ 12.86	\$ 15.66	\$ 18.47
Operations & Maintenance Technician	\$ 12.59	\$ 15.55	\$ 18.51
Meter Reader	\$ 12.24	\$ 15.06	\$ 17.23
Administrative / Office Assistant	\$ 11.75	\$ 14.31	\$ 16.87
Turf Maintenance Worker	\$ 9.65	\$ 11.75	\$ 13.85
Crossing Guard	\$ 8.50	\$ 9.61	\$ 10.70

Step 2—Market Adjustments

- Compare updated pay ranges to previous pay ranges
 - If midpoint has increased, use a market adjustment to keep the employee at the same position (percentile) within the range
-

Step 2—Market Adjustments



Step 2—Market Adjustments

- If a pay range increases too much, you might need to cap the market adjustment
 - For FY 2011-12, Pleasant View had to cap the market adjustment at 5%
 - Some positions saw their pay ranges increase by more than 5%
 - As a result, their position within the pay range decreased
-

Step 3—Performance Evaluations

- Pleasant View conducts formal performance evaluations annually upon an employee's anniversary
 - Evaluation form includes several performance categories
 - Based on the scores in the individual categories, the Supervisor gives an overall rating between 0 and 100
-

Step 3—Performance Evaluations

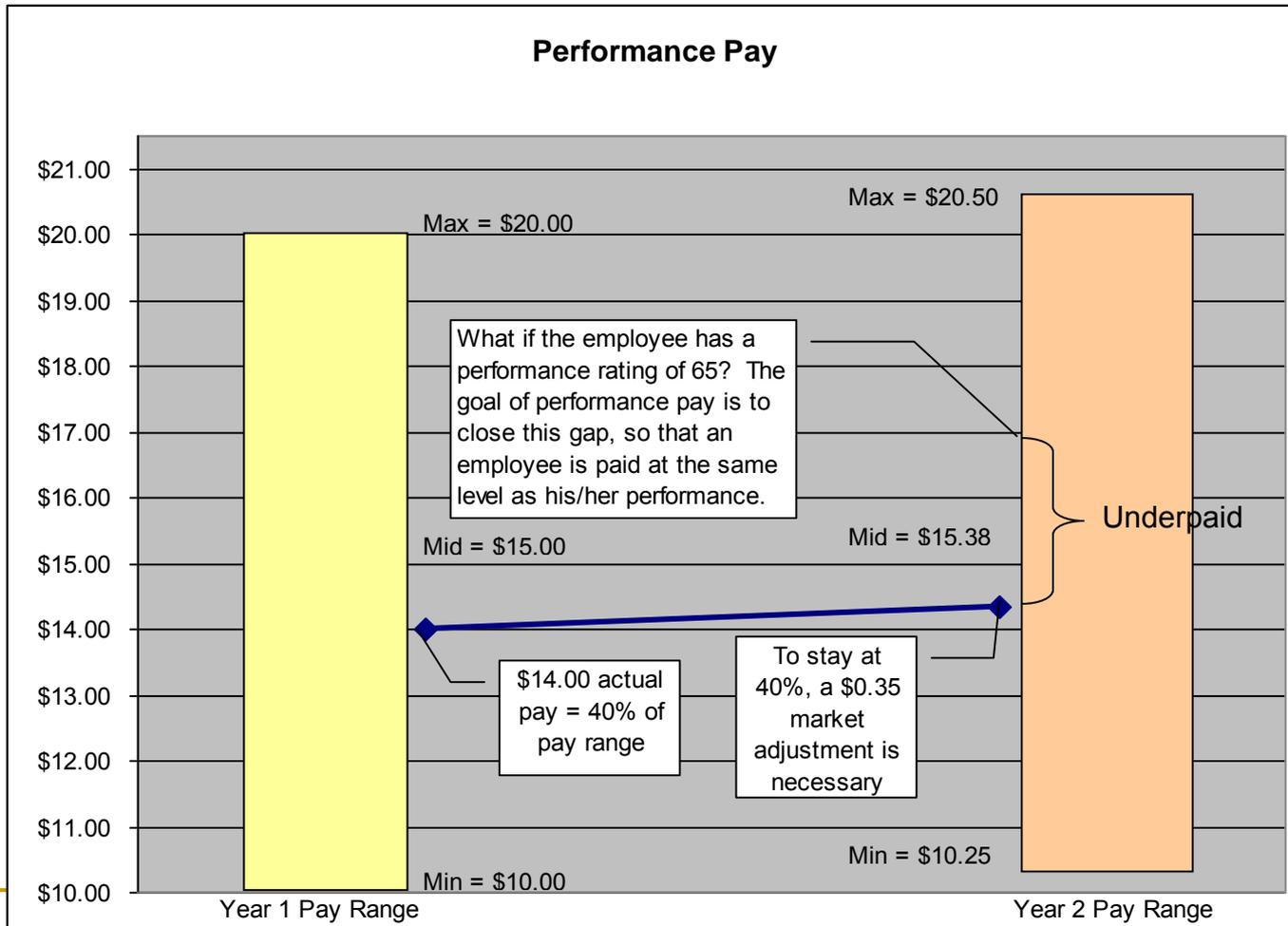
- The overall rating is a measure of the employee's performance versus others (internal and external) in the same position
 - Example: A utility billing clerk with an overall rating of 65 (65th percentile) would be considered a better performer than 65% of other utility billing clerks in Pleasant View and in our benchmark cities
-

Step 3—Performance Evaluations

Pleasant View's Performance Rating Scale

90 – 100	Excellent	A superior, exemplary performer
65 – 89	Very Good	Above average; solid performer with room for improvement
35 – 64	Good	Average; performs well, but overall not noteworthy
10 – 34	Satisfactory	Performs well enough to keep the job; improvement expected (entry level)
0 – 9	Unsatisfactory	Should be terminated

Step 4—Performance Pay



Step 4—Performance Pay

- Pleasant View aims to pay employees at the level of their performance
 - An employee with a performance rating of 65 should be paid at the 65% level in the pay range
 - However, we estimate that on average, our employees are underpaid by 24 points
 - Closing the gap in one year is not financially feasible
-

Step 4—Performance Pay

- What is both affordable and effective in closing the gap?
- Performance raise formula:
(performance rating – actual pay level) x 0.125%

	Employee A	Employee B	Employee C	Employee D
Actual pay level	34	42	77	15
Performance rating	58	50	75	65
Difference	24	8	-2	50
Performance raise (difference x 0.125%)	3%	1%	0%	6.25%

Step 4—Performance Pay

- With this program, we expect it will take 3-5 years before all employees are paid at the level of their performance
 - Each year, the performance raise factor (0.125%) can be adjusted as needed to reflect resource levels
-

The Challenge

- Pay plan administrators must guard against inflated performance ratings, for two reasons:
 1. Financially...
 - Higher ratings result in bigger gaps, and bigger raises
 - Need to carefully manage the financial impact



The Challenge

2. Philosophically...

- ❑ What is a truly realistic performance rating?
 - ❑ Is it really reasonable to think that Pleasant View has a monopoly on the best employees, and that they can all score in the 80s?
 - ❑ Don't other cities have great employees, too?
 - ❑ If we have mostly great employees, and so do other cities, then isn't "great" really a euphemism for good/average?
-

The Challenge

- Target: average performance rating should be no greater than 60
 - All performance evaluations are reviewed and approved by the City Administrator to keep this in check
 - Department Heads must consider their budgeted resources when giving performance ratings
-

And they all lived happily ever after...

...and didn't complain about their wages
ever again!
