



TO: T.C. Broadnax, City Manager
FROM: Joy St. Germain, Human Resources Director
Karen Short, Senior Human Resources Analyst
COPY: City Council and City Clerk
SUBJECT: Pay and Compensation Ordinance – January 28, 2014
DATE: January 22, 2014

SUMMARY:

An ordinance to amend the Tacoma Municipal Code (TMC), Compensation Plan, Chapter 1.12, to implement rates of pay and compensation for non-represented employees; and changes in classifications to reflect the organizational structure.

BACKGROUND:

In 2009, the City of Tacoma’s non-represented classifications received a market-based wage adjustment based on a comprehensive classification and compensation study conducted by Milliman, Inc. As a result of the study, non-represented classifications were placed at the 70th percentile of the market. Since 2009, the majority of the City’s non-represented classifications have received no further adjustments to pay.

Based on a sampling of classifications, and using 2012 market data, non-represented employees are currently estimated to be, on average, paid below the 50th percentile, with some classifications as low as the 25th percentile of the market. In contrast, market-based pay adjustments were made to many represented classifications in 2010, 2013 and 2014.

The November 2013 Report of the City of Tacoma Fiscal Sustainability Task Force recommended that “The City should continue its policy of seeking to cap growth in salaries from year-to-year at inflation, using a regional Consumer Price Index.” The non-represented salary growth over the past five years is estimated at 6.8 percent below the CPI-W. With the proposed 2014 market-based adjustments, the per year average for non-represented classifications would be 3.8 percent below the CPI-W.

The General Fund budget has realized savings from the most recent healthcare negotiations, as well as from the diligent oversight and management of expenditures from General Government Departments.

The proposed ordinance addresses non-represented classification wages for 2014, using an average of a 3 percent increase per employee, and distributes the equivalent total in the following manner:

- Employees in classifications identified as being at or above the market will receive a one-time lump sum payment equivalent to 1 percent of their base pay for 2013.



- Employees in classifications identified as below the market will receive a market-based wage adjustment to base salary up to a maximum of 3 percent, plus a one-time lump sum payment equivalent to 1 percent of their base pay for 2013.
- Employees in classifications identified as having compression issues with represented classifications will receive a special adjustment up to a cap of 4 percent. Employees in these classifications would not be eligible for a one-time lump sum payment.

The ordinance will also add 17 new non-represented classifications to the compensation plan and delete 12 non-represented classifications that are no longer needed.

ISSUE:

Authorization is required to implement changes in rates of pay and compensation for non-represented employees.

RECOMMENDATION:

It is recommended that the City Council take the necessary approving action.

FISCAL IMPACT:

Fiscal impact information for this legislation will be provided as prepared by the Office of Management and Budget.