

# City of Richmond, VA Classification and Compensation Study and Staffing and Efficiency Survey



Arthur J. Gallagher & Co.  
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# Study Background & Objectives

The City of Richmond partnered with Arthur J. Gallagher (AJG) in October 2016 to perform both a staffing and efficiency study and a classification and compensation study for the City of Richmond (the City).

Since the last external, citywide classification and compensation study was performed in 1999, the City of Richmond felt a fresh look was long overdue. The purpose of this classification and compensation study was to review the City's current job classifications and pay ranges to determine if and where changes needed to be made to job levels and to better align pay with the market.

The purpose of the staffing and efficiency study was to assess the City's staffing (headcount) against peer cities to provide a staffing reference for the City. These peer cities were selected based on size, government structure and services rendered.

# Study Background & Objectives (Cont.)

Arthur J. Gallagher worked with City leadership to develop a compensation philosophy and strategy for the City. This is an important step in any study because it clearly defines what the organization's approach will be with regard to compensating employees, attracting and retaining key talent within the organization and where that organization will look to for top talent. The philosophy statement that guided this study is presented on the following page.

# City of Richmond Compensation Philosophy

The City of Richmond is committed to providing comprehensive, efficient and effective services to its residents and businesses and those localities beyond its borders who utilize many of the services the City has to offer.

Understanding that employees are and will continue to be our organization's most valuable asset, we will strive to attract and retain employees who are committed to public service and dedicated to achieving the City's mission and objectives.

The City of Richmond will strive to maintain a competitive market-based compensation approach; one that ensures internal and external equity, encourages sustained exceptional performance, provides opportunities for growth and development for all employees and encourages advancement opportunities in order to retain the most qualified and productive employees. This system will be transparent, equitable, and sustainable and regular reviews of this system will be key in the City's positioning relative to all applicable markets.

# The Process

- **Classification phase**

- City HR Staff and Liaisons met to review and adopt a position classification template to be used for all City job classifications.
- The City (primarily HR business partners) collaborated with AJG in the creation of a two-part Position Description Questionnaire (PDQ) that supported this study.
- Employees completed PDQs providing the essential functions of their positions. The PDQs were reviewed by the employees' manager and final sign-off was obtained by the Department Head.
- The PDQs were the basis for the City and AJG to place jobs into a job classification that accurately depicts most of the work performed. This was reviewed by the City and it was determined that approximately 348 were needed (down from 517).

# Compensation Market Strategy Grid

The grid - on the next page - outlines the mutually agreed to markets for talent. This grid was used to guide the comparison of the City of Richmond with competitive pay from select survey sources. All data was date justified to January 1, 2018.

# Compensation Market Strategy Grid

Job Groups	Market Parameters			
	Industries or Business Sectors	Geographic Reach	Organizations of Similar Size of Budget/Scope/ Staff Size	Target Salary, (25 <sup>th</sup> , 50 <sup>th</sup> , 75 <sup>th</sup> )
<b>Executives and Directors</b>	<ul style="list-style-type: none"> <li>State and Local Government</li> <li>Other Public Sector</li> </ul>	VA, NC	3,000 - 8,000 employees	50 <sup>th</sup>
<b>Managers</b>	<ul style="list-style-type: none"> <li>State and Local Government</li> <li>Other Public Sector</li> </ul>	VA, NC	3,000 - 8,000 employees	50 <sup>th</sup>
<b>Public Safety and Security</b>	<ul style="list-style-type: none"> <li>State and Local Government Public Safety</li> </ul>	VA, NC	Metropolitan Cities and their surrounding counties	50 <sup>th</sup>
<b>IT, Finance, HR, Other Staff Positions</b>	<ul style="list-style-type: none"> <li>General Industry</li> <li>State and Local Government</li> <li>Higher Education</li> </ul>	VA, NC	3,000 - 8,000 employees	50 <sup>th</sup>
<b>Public Works and Utilities</b>	<ul style="list-style-type: none"> <li>Public Works and Utilities in State and Local Government and as Authorities</li> </ul>	VA, NC	Metropolitan Cities and their surrounding counties Authorities in comparable cities and counties	50 <sup>th</sup>
<b>City Unique Agencies (e.g. Tax, Social Services, Econ. Development)</b>	<ul style="list-style-type: none"> <li>State and Local Government</li> </ul>	VA, NC	3,000 - 8,000 employees	50 <sup>th</sup>
<b>Trades</b>	<ul style="list-style-type: none"> <li>General Industry</li> <li>State and Local</li> <li>Higher Education Government</li> </ul>	Greater Richmond	All sizes	50 <sup>th</sup>
<b>General Support and Clerical Staff</b>	<ul style="list-style-type: none"> <li>General Industry</li> <li>State and Local Government</li> <li>Higher Education</li> </ul>	Greater Richmond	All sizes	50 <sup>th</sup>



# The Process (Cont.)

- **Compensation Phase**

City HR Staff identified approximately 100 benchmark positions that were used to compare duties and pay ranges for positions locally and nationally.

- All surveys were aged to a common date of January 1, 2018 using forecast data for salary increases from multiple surveys (e.g. IPMA, W@W, SHRM, BLS, Mercer) predicting this change.
- By using January 1 as the reference date for the City's pay structures, the result will be an alignment of the structures with the market on that date. As the year progresses, the City's structure will slowly fall off or lag behind the market until the next January 1 update.

# The Process (Cont.)

- A draft classification and compensation structure was developed for the City's review using data collected from the surveys and guided by the City of Richmond's newly adopted compensation philosophy.
- Departments were given the opportunity to review the proposed classification structure with pay ranges and provided feedback that was incorporated into the final recommendations, where appropriate.
- Salary ranges were updated to be more consistent with the local market and national market, where appropriate. One of the considerations in structuring the pay ranges is the City's "living wage".

# Survey Methodology

## **Additional Market Review**

In addition to evaluating the City's jobs to national, regional and local published data, the average pay and pay ranges for certain jobs were compared to the average pay and the pay ranges at selected municipalities (including Chesterfield, Henrico and Hanover, State of Virginia, and to a lesser degree to Norfolk due to its similar structure). This hyper-local evaluation was conducted, in addition to the published surveys, because these are the localities in which Richmond primarily competes for talented employees. This secondary review provides support to the published data and it helps to ensure that Richmond is competitive with neighboring localities for recruiting and retaining talented, skilled, competent employees.

The jobs evaluated in this supplemental review included police, fire, legal, trades and executive positions. In addition to these jobs, the pay ranges for selected other jobs that have been difficult to recruit and retain were reviewed. Jobs, where department heads indicated that the pay ranges did not appear to be competitive when compared to the other positions in their departments, were also reviewed.

# Summary of Market Analysis

- As compared to the market survey data, City salaries for general employees are approximately 92% (8% below) those of similarly situated positions in the identified competitive talent markets.
- The current City salary structure is approximately 96% (4% below) of market median for those jobs which were reviewed against the market.
- For public safety positions reviewed against the market, the City of Richmond salaries tend to be 105% of the market median. The starting pay and pay for those employees with shorter tenure is low when compared to the market, however, there is a significant number of long tenured employees with pay above the market that have an impact on the average salaries for comparison to market.
- After market pricing was completed, a salary structure was created based on the best fit to market median and classifications.

# Market Pricing Detail - Excerpt

Job Title	City Avg. Base Salary	Market Base Salary 25th	Market Base Salary 50th (Median)	Market Base Salary 75th	City Avg. Salary as % of Market Base 25th	City Avg. Salary as % of Market Base 50th (Median)	City Avg. Salary as % of Market Base 75th
Animal Control Assistant	\$24,887	\$28,774	\$30,356	\$33,569	86.5	82.0	74.1
Maintenance Worker - Refuse	\$24,877	\$26,664	\$30,089	\$35,431	93.3	82.7	70.2
Maintenance Worker	\$24,993	\$29,287	\$31,937	\$35,431	85.3	78.3	70.5
Public Safety Tech - Police	\$26,538	\$23,923	\$26,116	\$29,745	110.9	101.6	89.2
Warehouse & Materials Technician	\$32,520	\$27,176	\$30,684	\$33,731	119.7	106.0	96.4
Maintenance Technician - Equip	\$28,184	\$29,950	\$33,305	\$35,613	94.1	84.6	79.1
Public Safety Tech - Property	\$31,578	\$31,015	\$33,425	\$36,884	101.8	94.5	85.6
Recreation Services Technician	\$26,207	\$32,172	\$34,296	\$39,699	81.5	76.4	66.0

**Averages**

**102.3**

**91.7**

**81.3**

# Proposed Salary Structures – Excerpt

General Plan for All Employees except Broad-band and Public Safety (Sworn)

Grade	# of Jobs	# of EEs	Minimum	Midpoint	Maximum
1G	2	12	\$25,105	\$28,900	\$34,680
2G	9	161	\$25,105	\$30,900	\$37,080
3G	14	134	\$26,480	\$33,100	\$39,720
4G	6	28	\$28,320	\$35,400	\$42,480
5G	2	48	\$30,300	\$37,900	\$45,500

Broadband structure for General use where Broad-bands apply and for the IT organization

## **Proposed Broadband A**

B1	\$25,105	\$33,100	\$42,700
B2	\$27,240	\$38,070	\$48,900
B3	\$31,330	\$43,780	\$56,240
B4	\$36,030	\$50,350	\$64,680

## **Proposed Broadband IT**

B1	\$35,000	\$52,500	\$70,000
B2	\$40,250	\$60,375	\$80,500
B3	\$46,288	\$69,431	\$92,575

# Public Safety Salary Structure - Excerpt

## Public Safety Sworn Staff Structure

DRAFT																
Title	Steps															
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
<b>Pol Off / FF Recruit</b>	<b>43,000</b>	<b>44,000</b>	<b>45,000</b>	<b>46,000</b>	<b>47,000</b>	<b>48,000</b>	<b>49,000</b>	<b>50,000</b>	<b>51,000</b>	<b>52,000</b>						
<i>current</i>	41,000	42,000	43,000	44,000	45,000	46,000	47,000	48,000	49,000	50,000						
<b>Pol Off / FF I</b>	<b>44,000</b>	<b>45,050</b>	<b>46,100</b>	<b>47,150</b>	<b>48,200</b>	<b>49,250</b>	<b>50,300</b>	<b>51,350</b>	<b>52,400</b>	<b>53,450</b>	<b>54,500</b>	<b>55,550</b>	<b>56,600</b>	<b>57,650</b>	<b>58,700</b>	<b>59,750</b>
<i>current</i>	42,000	43,092	44,212	45,362	46,541	47,751	48,993	50,267	51,574	52,915	54,291	54,291	54,291	54,291	54,291	59,720
<b>Pol Off / FF II</b>	<b>45,000</b>	<b>46,100</b>	<b>47,200</b>	<b>48,300</b>	<b>49,400</b>	<b>50,500</b>	<b>51,600</b>	<b>52,700</b>	<b>53,800</b>	<b>54,900</b>	<b>56,000</b>	<b>57,100</b>	<b>58,200</b>	<b>59,300</b>	<b>60,400</b>	<b>61,500</b>
<i>current</i>	42,840	43,954	45,097	46,270	47,473	48,707	49,973	51,272	52,605	53,973	55,376	55,376	55,376	55,376	55,376	60,914
<b>Pol Off / FF III</b>	<b>46,000</b>	<b>47,150</b>	<b>48,300</b>	<b>49,450</b>	<b>50,600</b>	<b>51,750</b>	<b>52,900</b>	<b>54,050</b>	<b>55,200</b>	<b>56,350</b>	<b>57,500</b>	<b>58,650</b>	<b>59,800</b>	<b>60,950</b>	<b>62,100</b>	<b>63,250</b>
<i>current</i>	43,911	45,053	46,224	47,426	48,659	49,924	51,222	52,554	53,920	55,322	56,760	56,760	56,760	56,760	56,760	62,436
<b>Pol Off / FF IV</b>	<b>47,000</b>	<b>48,200</b>	<b>49,400</b>	<b>50,600</b>	<b>51,800</b>	<b>53,000</b>	<b>54,200</b>	<b>55,400</b>	<b>56,600</b>	<b>57,800</b>	<b>59,000</b>	<b>60,200</b>	<b>61,400</b>	<b>62,600</b>	<b>63,800</b>	<b>65,000</b>
<i>current</i>	45,009	46,179	47,380	48,612	49,876	51,173	52,503	53,868	55,269	56,706	58,180	58,180	58,180	58,180	58,180	63,998
<b>Master Pol Off / FF</b>	<b>48,000</b>	<b>49,250</b>	<b>50,500</b>	<b>51,750</b>	<b>53,000</b>	<b>54,250</b>	<b>55,500</b>	<b>56,750</b>	<b>58,000</b>	<b>59,250</b>	<b>60,500</b>	<b>61,750</b>	<b>63,000</b>	<b>64,250</b>	<b>65,500</b>	<b>66,750</b>
<i>current</i>	46,449	47,657	48,896	50,167	51,471	52,809	54,182	55,591	57,036	58,519	60,040	60,040	60,040	60,040	60,040	66,044

(Note: Currently Step 12 was a 5 year Step vs proposed Steps 12-16 are annual steps.

Currently Step 13 and 14 are 5 year steps, and proposed 17 and 18 are 5 year steps as they are today.)

# Summary of Recommendations

- Adopt the streamlined classification system.
  - The reduction in classifications from 517 to 348 (a 33% decrease) reflects classification consolidation based on what jobs are about (as a class), retains career progression, and is supported by the City.
  - It should be noted that the 348 is not just a reduction. Some new classifications emerged and others went away. All was driven by data, career ladder considerations, and managerial needs.
- Adopt the updated general salary structure.
  - The structure and job placements are aligned to market.
  - Range minimums reflect the minimum amount of pay an employee should receive for the work performed.



# Summary of Recommendations (Cont.)

- All employees below the minimum of the new pay ranges should be increased to the minimum at the time of implementation
  - This structure includes increasing the minimum living wage from \$11.66 to \$12.07 per hour. The living wage has been historically aligned with the federal poverty threshold for a family of four. The recommendation is to apply the \$12.07 per hour minimum to both permanent and temporary City employees.
- A second phase of general staff implementation would address compression and can be completed at a later time after the adoption of pay structures and adjustments to minimum, as funding permits.
  - The first phase focuses on moving all employees to the minimum of the range.
  - This second phase addresses pay related issues for employees who are paid above the range minimum and addresses salary compression.
- Keep the pay ranges competitive with the market through annual benchmarking, adjustments and funding.

# Summary of Recommendations (Cont.)

- Adopt the new public safety (sworn police and fire) pay structures
  - The new structures provide a predictable and logical (public safety supported) career progression and pay program.
  - The new structures are indexed against the most relevant competitive pay markets for 2018.
  - Continuing to maintain pay and career progression should reduce recruiting issues and unwanted turnover.

# Implementation Costs

The impact for implementing the updated structure is shown below:

- General Pay Schedule employees brought to no less than the minimum which impacts 662 employees. Benefits cost includes Retirement, FICA, Medicare and Life Insurance.
- Placement of Police and Fire into the pay steps that are appropriate for their rank and tenure. Scheduled step and compression were previously approved. The figures below also include moving the hiring salary to \$43,000 (from \$41,000).

General Pay Plan	Est. Cost of Wage Increases	Est. Cost of Benefits	Est. Total (including Benefits)
General Pay Plan – to range minimum	\$1,267,900	\$342,300	\$1,610,200

Public Safety	Est. Cost – Structure to \$43K Starting Salary	Est. Cost – Scheduled Step & Compression (already approved)	Est. Total (including Benefits)
Fire - Step Plan	\$805,000	\$627,000	\$1,432,000
Police - Step Plan	\$1,708,500	\$2,740,500	\$4,449,000
<b>Total Public Safety Employees</b>	<b>\$2,513,500</b>	<b>\$3,367,500</b>	<b>\$5,881,000</b>
<b>Phase I – Total – Public Safety and General Pay Plan</b>			<b>\$7,491,200</b>
<b>Phase II – General Pay Plan Employees above Minimum* (see next slide)</b>			<b>\$6,685,100</b>

# Implementation Costs (Cont.)

- For General Plan employees, if adjustments are made to move employees within the range who are paid above minimum but below the midpoint of the range, in accordance with the employee's time-in-job, the total cost at today's wages is \$6,685,100, including benefits.

# Next Steps

- Seek support for and funding of the recommendations.
- Model the financials for the implementation options.
- Establish a timeline for implementation that takes into account the administrative work and the budget-driven timeline.
- Communicate to employees the study results and decisions regarding implementation.
- Work with payroll and finance to ensure all this works.
- Not surprisingly, the recommended approaches rest on a commitment by the City to fund the recommendations, even if implementation takes some time.
- The system is not static. Not only are there implementation costs, but as the market changes and as people progress in their jobs and careers, there will be additional costs. This is especially true for public safety where the pay step matrix should only be broken under exceptional circumstances.

# Staffing Study

# Study Objectives

- Study objectives were identified and include:
  - Compare the City's current staffing (headcount) and budget level status to the peer group (in selected departments);
  - Provide staffing level conclusions based on data collected from custom survey.
    - As the data collected is limited to headcount and budget size, we recommend the City be cautious drawing specific conclusion from the comparison results.
    - The comparison results should be used as an indicator of potential issues, instead of determination of staffing related problems.

# Staffing Study Methodology

- AJG and the City developed a survey questionnaire (approved by the City) to collect data.
- Eight Cities were identified as comparable organizations by a combination of services rendered, size and location.
- Six of the eight Cities completed the survey.
- Not all of the six responding organizations answered 100% of the questions asked in the survey. Therefore, data for some departments/areas was extremely limited.

Comparable Cities*	
Chesapeake	Norfolk
Cincinnati	Raleigh
Columbia	Akron*
Newport News	Knoxville*

\* Akron and Knoxville did not participate this study.



# Salary Study Methodology: Selected Departments

- 15 departments were identified by the City as large departments to represent 90%+ employees in the City. We had usable data for 13.

Temp ID	Selected Department
1.	City Assessor
2.	Economic & Community Development
3.	Emergency Communications
4.	Finance
5.	Fire and Emergency Services
6.	Human Resources
7.	Information Technology
8.	Parks and Recreation
9.	Planning
10.	Police
11.	Public Library
12.	Public Utilities
13.	Public Works

# Department Details For Significant Deviations

- **Fire and Emergency Services:** The City is lower than market average in both headcount and budget, but higher in budget per FTE ratio. All responding Cities included EMS response system providing first response care. The estimated average number of incidents per year is 41,925.
- **Public Utilities:** The City is higher than market average in both headcount and budget, and higher in budget per FTE ratio. Most responding Cities do not have the following functions: natural gas utility, floodwall operations, storm water utilities, street light utility. These functions are typically included in Public Works and/or Engineering Department in the market.

# By Department Details – (Cont.)

- **Emergency Communications:** The City has the same headcount as market average, but 44.0% lower in budget size. Within the few responding Cities, the factor of managing radio system and radio shop was identified as positively related to budget size.
- **Planning:** The City reported 108 as funded headcount for the Planning Department, which is significantly higher than the market average of 36. It is possible that the City has included jobs that were not considered as planning staff in other participating Cities. (60% of the responding Cities do not have code enforcement positions in planning department.)
- **Social Services Department:** The descriptive responses in the survey did not provide significant additional information to explain the ratio difference.

***It is critical to consider differences in staff tenure, department structure, department duties and responsibilities, etc. when assessing the validity of the staffing study findings. More detailed analysis is warranted for the departments with significant deviation.***



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# Thank You