

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



FULL REPORT MARCH 26, 2018



Insurance | Risk Management | Consulting



## Contents

Letter of Transmittal.....	3
Executive Summary.....	4
Classification and Compensation Study .....	7
Study Background & Objectives .....	8
City of Richmond Compensation Philosophy .....	8
Relevant Market Competitiveness .....	9
Study Timeline .....	9
The Process.....	9
Survey Sources .....	11
Compensation Market Strategy Grid.....	12
Survey Methodology .....	13
Summary of Market Analysis .....	13
Market Pricing Detail.....	14
Salary Structures .....	15
Summary of Recommendations.....	15
Next Steps and Other Considerations.....	16
Implementation Costs .....	17
Implementation Costs - Phase 2.....	18
Staffing and Efficiency Study.....	19
Staffing Study Objectives.....	20
Staffing Study Methodology .....	20
Selected Departments .....	21
The Process.....	22
The Data - As Collected and As Adjusted.....	22
Conclusions / Recommendations .....	23
Appendix .....	24

Letter of Transmittal

Re: Classification and Compensation and Staffing and Efficiency Studies

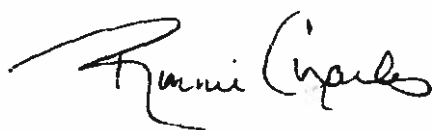
Madame CAO:

Arthur J. Gallagher and Company is pleased to provide you with the completed classification and compensation and staffing and efficiency studies for the City of Richmond, Virginia. Pursuant to the contract, these studies provide comparisons of position classifications, compensation and staffing of the City of Richmond to market comparators and like organizations. Based on the results, we were able to provide recommendations that will aid the City attracting and retaining top talent.

Included in the report is a brief overview of the current classification and compensation system, study methodology, findings, recommendations and implementation costs. Charts have also been included in the report as exhibits found in the appendix.

It is our hope that the information provided is informative and assists the City in making sound decisions regarding employee compensation and overall market competitiveness.

Respectfully submitted,



Ronnie Charles  
National Marketing Director  
Arthur J. Gallagher and Company




## Executive Summary

Arthur J. Gallagher and Company completed a study of the City of Richmond's classification structures and compensation along with a staffing and efficiency study in February 2018. The following is a summary of the findings.

### **Classification and Compensation**

#### **Comprehensive Study and Annual Updates**

As a best practice, a public entity should conduct a comprehensive classification and compensation study every ten (10) years to ensure its pay structure facilitates the ability to attract and retain qualified employees and promotes internal equity. Prior to the comprehensive study performed by Arthur J. Gallagher and Company (AJG), the last comprehensive study performed by an external consultant was in 1999.




Biennially (pursuant to Ordinance No. 2014-229-2015-1), the Department of Human Resources performs reviews of City classifications, benchmarks jobs and recommends changes based on the information obtained. These annual reviews are important as they avoid risking turnover to surrounding businesses, localities and the State.

In conclusion, an overall comprehensive study every ten (10) years coupled with routine regular reviews of various positions will mitigate some turnover and are vital to an organization's competitiveness.

#### **Job Classifications**

The present structure, established in the 1950s, has been amended over the years. At present, it is comprised of four (4) salary schedules as follows:

- General;
- Sworn for sworn police and fire personnel (also known as the step system);
- Broad banding; and
- Information technology broad banding.



It is important to note that some City departments have specific broad banding and career development programs, which serve as mechanisms for providing additional compensation to employees when appropriate. In the City, the broad band design does recognize and reward employee growth. However, the

changes over the years have had the unintended consequence of decentralizing compensation, adversely affecting pay, and creating a system that is confusing to employees. Because the positive attributes outweigh the negative, AJG agrees that these salary structures can remain in place. In the event that the City can compensate employees based on a well-developed pay for performance program, broad band programs will become less crucial.

## **Employee Compensation**

Over the years, the City of Richmond's pay philosophy has shifted from pay for performance to a philosophy solely dependent upon resources. As part of the study preparation process, AJG assisted the City in adopting a new pay philosophy, one which takes into consideration market competitiveness and charges the City with committing to future funding to ensure the City does not fall severely behind the external market.

The last pay for performance increases were given to City employees on the general and broad banding pay plans in 2009 and ranged from two and a half percent (2.5%) to four and nine tenths percent (4.9%) (sworn personnel received step increases and were eligible to move to the next step provided they received at least a "meets" performance evaluation rating). In more recent years, the City has not funded annual pay increases or the pay increases have been fixed percentages given to all eligible employees on the general and broad band pay systems (while sworn personnel received step increases that were not tied to performance).

The factors described above have contributed to employee compensation that is, overall, below the average market pay.

It is believed by the City HR staff that this shift away from financially recognizing and rewarding performance, over time, has contributed to the City's difficulty in retaining top performers, and in attracting and recruiting talented new employees with the skills needed to continue to move the City forward.

A pay for performance system is one of the most effective tools when it comes to driving higher performance and retaining higher achievers because it recognizes their efforts, achievements, hard work and dedication in monetary form. It is an incentive for employees to continue to do their very best. Without a means to financially recognize and reward the City's highest achievers, the City is at significant risk of losing them. This risk is enhanced when considered that, overall, City employees are paid below the market. A high performer with proven results who is paid materially below the market average, is easily attracted elsewhere. This is especially true when the historical record of the organization is to provide lower than average pay increases to its employees and/or no pay increases for long periods of time. Simply put, the high performers and solid performers are low-hanging fruit to the other localities and surrounding businesses.

Not surprisingly, compensation changes require funding. In this report, we are recommending those below minimum in the proposed pay grades be brought up to the minimum pay. Compression and market adjustments can be addressed in later phases or over time. In years when the budget cannot support overall city wide increases, it may be prudent to develop a program to identify and establish a pool of funds to reward the City's highest performers who are paid below market averages.

Specific recommendations for the classification and compensation study are found in this report.

### **Staffing and Efficiency Study**

This study included comparing the City's current staffing (headcount) and budget level status to the peer group (in selected departments) and providing staffing level conclusions based on data collected from a custom survey.

For this particular study, 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. As the data collected is limited to headcount and budget size, we recommend the City be cautious drawing specific conclusion from the comparison results.

A more detailed analysis is warranted for the departments with significant deviations.

Details of this study and the recommendation can be found in the following report.

# Classification and Compensation Study




## Class/Compensation - Study Background & Objectives

The City of Richmond partnered with 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 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.




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 stated in the next section.

## 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, the City 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. Regular reviews of the system will be key in the City's positioning, relative to all applicable markets.






## Relevant Market Competitiveness

Market competitiveness for the City included collecting, reviewing, comparing and analyzing data from various applicable sectors. These sectors included the national labor market, the regional labor market, local non-government entities with whom the City competes for talent, and peer municipalities in the Richmond metropolitan area along with other localities that are similar in population and the services they provide. Additionally, the City's criteria for a "living wage" was reviewed.

The above provided the foundation from which a competitive salary program could be designed. A competitive salary program pays fair wages which attracts quality candidates, supports employee retention and encourages employees to maximize growth to reach their potential.

## Study Timeline



The study began in October 2016. Gallagher met with City management and Human Resources staff and conducted meetings with City employees. Position descriptions were collected and assessed. A job description template was designed and City positions were reviewed for classification titles. Jobs were evaluated to market and assigned to pay grades. A brief presentation was provided to City Council on March 5, 2018.


**Exhibit 1** in the appendix of this report provides a more detailed timeline.

## The Process

There are two primary phases in the process. They are the classification phase and the compensation phase. The classification phase primarily deals with identifying job classes. The compensation phase primarily deals with competitive pay for the employees in those job classes. Information regarding the process for these two phases are described below.

### **Classification Phase**

The classification phase refers to the process of identifying job classes.



In one of the first steps of the classification phase was a meeting, AJG met with the City's HR Staff and the HR Liaisons to review and adopt a position classification template to be used for all City job classifications. The Position

Description Questionnaire (PDQ) for the City was created for the purpose of collecting details about the essential functions of each employee's job. The PDQ was sent to all employees to complete. Once the employees completed the questions, the PDQs were reviewed by each employee's manager and final sign-off was obtained by the Department Head.

The PDQ's were the basis for the City and AJG to place jobs into a job classification that accurately depicts most of the work performed. Based on the information provided by employees in the PDQs, the City was able to reduce the number of classifications from approximately 517 to approximately 348. While this is a material reduction, it's mutually agreed that the approximate 348 classes allow enough distinct job classifications necessary to recognize the uniqueness of the City and the duties/functions performed by employees. Additionally, it provides necessary alignment of individual duties and responsibilities with the classification standards of the Fair Labor Standards Act (FLSA) and it helps to ensure a reasonable career progression opportunity in some of the job families.

The City Staff met to review and adopt a position classification template to be used for City job classifications.

### **Compensation Phase**

The compensation phase refers to the process of determining competitive pay and pay ranges for the employees working in the newly designed job classes.

During the initial step in this process, City HR Staff identified approximately 100 benchmark positions. These jobs were used to compare duties and pay ranges for positions locally and nationally.

AJG gathered competitive pay data from multiple survey sources (those sources are listed on the following page). All salaries gathered from the surveys were aged to the common date of January 1, 2018 by using forecast data for salary increases from multiple surveys 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.

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 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".

The following compensation surveys, as listed and described below, were used:

- **CompAnalyst Job Analyzer (CA) 2017** A national compensation database of compiled salary and total compensation data. Data is updated quarterly in an interactive database of update market data. The database has compensation data on more than 20 million employees and 1,500 unique job titles. Database updated October 1, 2017.
- **CompData Benchmark Surveys – 2016** CompData Surveys is a national compensation survey data and consulting firm. Over the last 25 years, they have amassed the largest and most comprehensive database of current compensation and benefits information. Each year, compensation information is gathered from more than 50,000 organizations covering 30.5 million employees across the country.
- **Executive Compensation Assessors (ERI)** A National compensation subscription database of compiled salary and total compensation data. Data is updated quarterly in an interactive database of up-to-date market compensation information. The database has salary and total compensation data on more than 5,000 positions. Data can be segmented by city, region, industry, company revenue, and employee size.
- **2017 Mercer Benchmark Report**. An annual report of pay, including over 2.9 million incumbents as reported by 1,561 organizations across 1,546 benchmark positions. The Mercer Benchmark Database is a single, modular data sources that combines data from Mercer's top general industry compensation surveys. Survey data is sorted by region, industry and size. March 2017.
- **2017 Towers Watson Salary Survey**. Towers Watson. An expansive array of published compensation surveys including specific surveys for Sales, Staff, Management, IT, Finance, Engineering and Administration. April 2016.
- **Titan Greater Richmond Compensation Survey – 2017**. The Greater Richmond Survey is conducted on an annual basis. And is the only survey specific to the Greater Richmond area. The survey includes data from regional employers covering 189 jobs. Data effective as of January 2017.
- **2017 Management Compensation Report for Not-For-Profit Organizations (PRM Consulting)**. Annual report of management positions commonly found at nonprofit organizations throughout the Mid-Atlantic region. The report includes compensation data for over 100 jobs. Data reported July 1, 2017.
- **2016 American Public Gas (APGA) Survey** The American Public Gas Association (APGA) conducts an annual national salary survey for gas operations positions.
- **2016 American Water Works Survey** American Water Works Association publishes the Water Utility Compensation Survey. This is a national survey with participation from 556 organizations for 63 jobs. March 2016.

# Compensation Market Strategy Grid

This table 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 selected 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 Government</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>



## Survey Methodology

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.



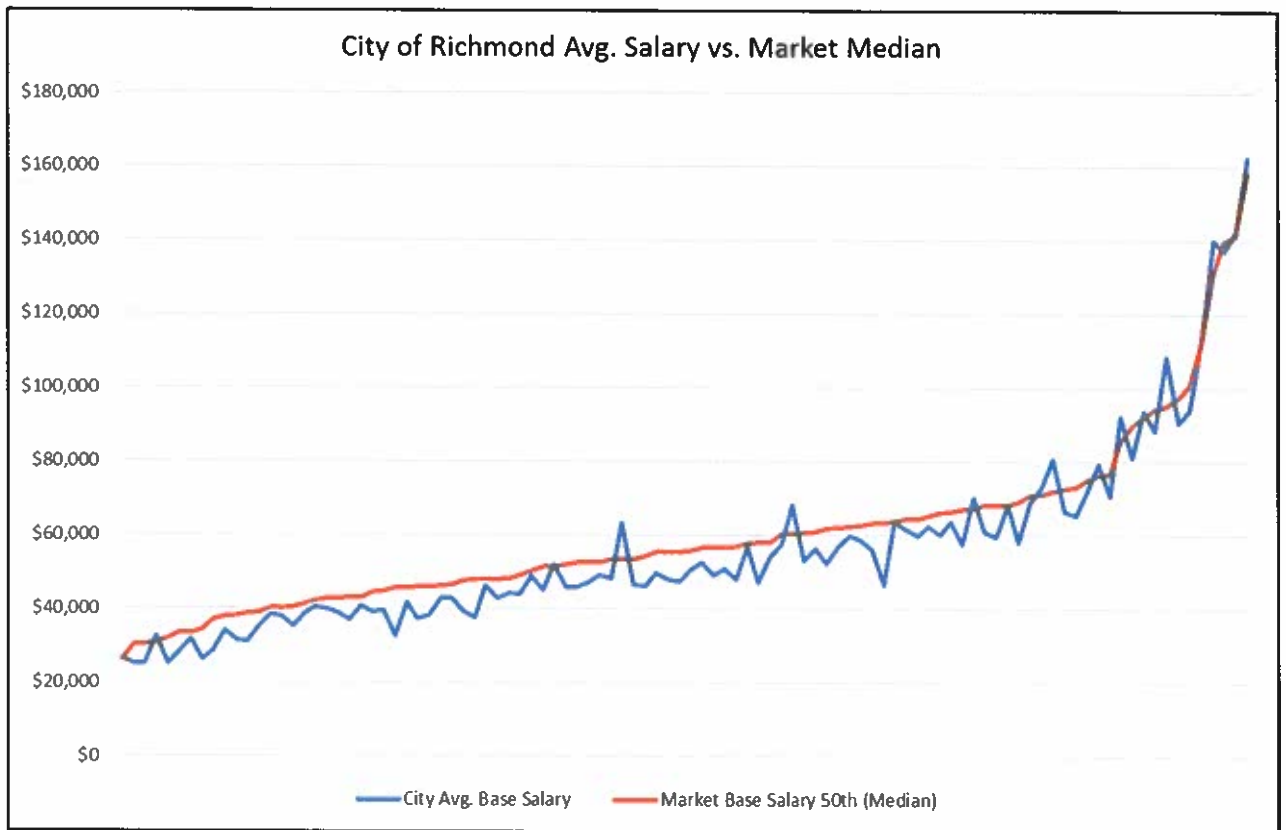
## Summary of the Market Analysis

As compared to the market survey data, the overall average salary paid to general employees is approximately 92% (8% below) those of similarly situated positions in the identified competitive talent markets. As can be seen in the chart on the following page, there are considerable differences in job by job competitiveness, but the overall market trend is apparent.

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. In this case, the percentage is the result of combining the lower starting pay and pay for those employees with shorter tenure when compared to the market, to the significant number of long-tenured employees who are paid well above the market average. While the average salary is comparable to surrounding localities, entry level pay is below market.

The following is a visual representation of the City of Richmond's average salaries as compared to the market median.



## Market Pricing Detail

**Exhibit 2**, found in the appendix of this report, shows the market pricing for 100 benchmark jobs. These jobs were selected by the City to provide a broad representation of the job families across all the City.

Overall, City average salaries are 8% below market. However, at the individual job level, the distance from market median varies.

In **Exhibit 2**, the highlights show those jobs with average salaries that are more than 10% from market median. **Green** highlights jobs with average salaries more than +/- 10% of market median and **yellow** highlights are those jobs with average salaries more than +/- 20% from market median.



## Salary Structures

The salary structure refers to the pay grade structure. The structure includes a series of pay grades with range minimum and maximums. The midpoint of the range, which is typically the middle of the range, represents the approximate average market pay for the jobs that assigned to that pay grade.

The table located in **Exhibit 3** in the appendix of this report shows the City adjusted salary structure and grade ranges.

The midpoint differentials were adjusted to 7% at the lower end of the salary grades and 10% at the upper end of the salary grades. Range widths vary between a 38% width at the lower end and 60% at the top.

The City is recommending an increase to the living wage of \$12.07 per hour. The minimum of grades 1 and 2 reflect this recommended minimum (see **gold** highlighted cells in **Exhibit 3**).

A general structure for most employees, two broadband structures where broadband apply, and a sworn public safety structure were designed, tested against the market and with the proposed City job classes, as shown in **Exhibit 3**.



## Summary of Recommendations

We recommend the following actions:

1. 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 and managerial needs.

2. Adopt the updated general salary structure.

The structure and job placements are aligned to market. The new wage minimum is aligned with the federal living wage. Range minimums reflect the minimum amount of pay an employee should receive for the work performed.

3. All employees should be moved to the minimum of the new ranges at 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 full-time and part-time, and both permanent and temporary City employees.

4. Adopt the new public safety (sworn police and fire) pay structures.

The new structures provide a predictable and logical (public safety supported) career profession 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 unwanted turnover and thereby recruiting efforts and costs.

5. A second phase of implementation to address compression 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 would address pay related issues for employees who are paid above the range minimum but below the midpoint. It would address current salary compression issues as well as new compression issues resulting from the adjustment to minimum in the first phase.

6. We recommend the best (and most common) practice of awarding pay increases annually and on a pay-for-performance basis to the extent possible.




7. Keep the ranges market competitive with the market through annual benchmarking, adjustments, and funding.

## Next Steps and Other Considerations

Not surprisingly, the recommended approaches rest on a commitment by the City to fund the recommendations, even if implementation takes some time. However, the system is not static. Not only are there implementation costs but as time passes, the market changes, and as employees progress in their jobs and careers, there will be additional costs. This is especially true for public safety where the step plan pay matrix should only be broken under exceptional circumstances.

Next steps include the following:

- Seek support for and funding of the recommendations.
  - Model the financials for the implementation options. (Estimated implementation costs follow this section.)
  - Establish a timeline for implementation that takes into account the administrative work and the budget-driven timeline.
  - Work with payroll and finance to ensure all this works.
  - Communicate to employees the study results and decisions regarding implementation.
- 



# Implementation Costs

The estimated cost to bring all City employees to the pay grade minimum of the new salary ranges for the General and Broadband Pay Employees (impacting 662 employees), including the cost of benefits, is estimated at \$1.6 million. **Exhibit 4** contains detailed data. The estimated cost to implement the change to the Sworn Step Plan is \$2.3 million. Combined with the July 2018 scheduled step of \$3.6 million, the grand total is estimated at \$7.5 million. (In the chart below, "Job Family" refers the field of work; it is not the name of the department.)

Total # EEs	Employee Count				General Pay Plan Job Family *	Est. Cost to Bring to Minimum of Range	Est. Cost of Benefits (27%)	Total Est. Cost to Bring to Minimum
	Below Min	> Min < Midpt	> Midpt < Max	Above Max				
52	7	31	14	0	Accounting	\$29,401	\$7,938	\$37,339
209	7	104	88	10	Administrative Support	9,393	2,536	11,929
18	3	12	3	0	Communication & Marketing	7,153	1,931	9,084
18	1	13	4	0	Community & Economic Dev.	746	201	947
108	20	78	9	1	Customer Service	37,707	10,181	47,888
15	12	0	3	0	Elections Management	27,859	7,522	35,381
85	42	42	1	0	Emergency Communications	61,174	16,517	77,691
73	2	59	11	1	Engineering	7,341	1,982	9,323
75	0	50	25	0	Executive	-	-	-
18	6	7	4	1	Financial Regulatory	12,905	3,484	16,389
6	0	5	1	0	Food Services	-	-	-
8	1	7	0	0	Health & Safety	2,242	605	2,847
21	0	15	6	0	Human Resources	-	-	-
303	106	180	17	0	Human Services	166,487	44,951	211,438
119	6	67	44	2	Information Technology	15,617	4,217	19,834
92	37	51	4	0	Inspections	136,573	36,875	173,448
8	0	4	4	0	Internal Audit	-	-	-
110	32	62	16	0	Justice Services	44,730	12,077	56,807
34	7	25	2	0	Legal Services	15,785	4,262	20,047
70	19	42	9	0	Library Services	36,274	9,794	46,068
380	151	198	31	0	Maintenance & Operations	252,284	68,117	320,401
266	7	155	100	4	Management Service	20,531	5,543	26,074
23	11	12	0	0	Planning	30,726	8,296	39,022
24	0	18	6	0	Procurement	-	-	-
44	25	15	4	0	Public Safety	39,977	10,794	50,771
26	0	22	4	0	Real Estate	-	-	-
176	103	63	10	0	Recreation Services	186,785	50,432	237,217
70	11	48	11	0	Trades	20,717	5,594	26,311
8	0	5	3	0	Training	-	-	-
244	46	137	60	1	Utilities	105,465	28,476	133,941
2,703	662	1,527	494	20	<b>Total Estimated Costs**</b>	<b>\$1,267,872</b>	<b>\$342,325</b>	<b>\$1,610,197</b>
<i>(177) Less Temporary Employees</i>					General Funds	\$872,775	\$235,649	\$1,108,424
<u>2,526</u>					Other Funds	395,098	106,674	\$501,772
					<b>Total Est. Cost By Fund**</b>	<b>\$1,267,873</b>	<b>\$342,324</b>	<b>\$1,610,197</b>

Total # EEs	Police & Fire Step Pay Plans + Benefits	Implementation Cost + Bnfts(Step Excluded)	Cost of July 2018 Scheduled Step	Total Cost of Implementation
385	Fire - Step Plan	\$823,000	\$624,000	\$1,447,000
721	Police - Step Plan	1,474,000	2,969,000	4,443,000
1,106	<b>Total Step Plan Employees</b>	<b>\$2,297,000</b>	<b>\$3,593,000</b>	<b>\$5,890,000</b>
3,809 <i>Grand Total Employees</i>	<b>Grand Total - Step Plan and General Pay Plan Employees</b>			<b>\$7,500,197</b>

## Implementation Costs – Phase 2

As part of this exercise, the estimated cost was computed to place or position employees within the pay range, based on their time-in-job.

Some assumptions had to be made in order to arrive at the estimated cost. They include:

- (1) Employees who are paid below the range minimum have been increased to the range minimum. For all other employees, wages were kept at the current level (as of February 2018).
- (2) A formula was applied that calculates 2.5% for every year in the specific job, assuming an employee was brought in at minimum. 2.5% was used as a representation of average annual increases. The percentage was not compounded. The 2.5% was used as an example. That percentage may be modified.
- (3) Applying the above formula, if the employee's pay was below the sum of the computation, the amount of increase was calculated. If the employee's pay, using the formula, was at or already above the sum, no change was applied.
- (4) If the employee is paid above midpoint of the range, the formula was not applied and no change in pay was applied. Additionally, where the formula would exceed midpoint, the adjustment in pay was capped at midpoint.
- (5) For this exercise, the computation excluded a performance criteria; however in application, it is recommended that a standard of performance be applied.

A time-in-job adjustment for those employees below midpoint would resolve some of the compression issues and provide pay that is based on years of experience in the current job.

In application, some assumptions above can be modified and other factors could be added. However, the theory presented here provides a solution to bring wages to a more competitive position for those who are below market average.

As indicated above, this phase can be delayed, modified or implemented over a period of time.

The estimated cost of this, using the assumptions above, is \$6.7 million, including benefits.

# Staffing and Efficiency Study

## Staffing Study Objectives

Study objectives include comparing the City's current staffing (headcount) and budget level status to the peer group (in selected departments) and providing staffing level conclusions based on data collected from a 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, as shown here and in the appendix, 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 organizations completed the survey. However, not all six responding organizations answered all of the questions. Therefore, data for some departments and areas was limited.

<i>Comparable Cities*</i>	
<i>Chesapeake, VA</i>	<i>Norfolk, VA</i>
<i>Cincinnati, OH</i>	<i>Raleigh, NC</i>
<i>Columbia, SC</i>	<i>Akron, OH*</i>
<i>Newport News, VA</i>	<i>Knoxville, TN*</i>

\*Akron and Knoxville did not participate in this study.

## Selected Departments

Fifteen departments were identified by the City as large departments, representing 90%+ employees in the City.

Usable data was submitted for thirteen of the departments. Due to the lack of usable data, the departments of Social Services and Justice Services were excluded from this study.

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



## The Process

The eight cities were contacted and survey data was collected from six of these cities. Although initially agreeing to participate, the other two cities declined to participate. AJG reviewed responses from the six cities and performed follow-up, where necessary.

Upon receipt of the responses, the City's Finance and HR teams assisted AJG in an effort to make more applicable comparisons. In the attempt to normalize the data in order to arrive at comparable data, supplemental data was acquired through reviewing public financials and other public sources of data. If a function was known to be in a different department, that data was carved out (or added in, as applicable) to the original data. For example, the estimated headcount and budget for the natural gas operation was removed from the City's Public Utilities numbers because the other municipalities surveyed do not have this function.

Because of the scope of the study, and the fact that all departments are different from city to city, it is highly unlikely that all differences were captured in the adjusted data sections.



## The Data – As Collected and As Adjusted

**Exhibit 5** contains several pages of data. The summary page shows both the original data (the “Raw Data” section highlighted in gray at the bottom of the summary page) and the “Adjusted Data” (located in the middle of the summary page).

In addition to the summary page, **Exhibit 5** has several pages containing detailed data on each of the thirteen departments. These detailed department level pages reflect the “Adjusted Data” and detailed responses from the surveyed cities. The average for the survey group and averages for the Virginia cities only are also shown (these averages exclude the City of Richmond's data). The detailed pages also include data, as collected from various public financials and other public sources, which is helpful in making comparisons of the cities. A brief analysis/discussion of the results for each department is also reflected in the detailed department level pages.

It is important to note that the data reported in **Exhibit 5** is limited to headcount and budget. Because of the limited scope, depth and participant size, the data in **Exhibit 5** should only be used only as an indicator, not a determination of staffing results. Indicators that there may be material differences should be reviewed with a more in-depth examination before any action is taken.



## Conclusions / Recommendations

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. A more detailed analysis is warranted for the departments with significant deviations.

Although the City's finance and HR teams drilled deeper in an attempt to normalize the data and arrive at more comparable data, it is very important to remember that no two municipalities are exactly the same. Additionally, because of the limited scope and depth of this study, all of the material differences were not be captured in the adjusted data sections. It's also important to note that the surveyed cities may have imperfections or inefficiencies, just as any organization may have.

Any final determination relative to staffing should not be concluded from this report without further analysis.