



**City of
McMinnville**

ADMINISTRATION

Classification/ Compensation Work Session

March 8, 2022

Presentation Objectives

- Review project thus far
- Primer on Oregon Equal Pay Act
- Responses to City Council questions from 1/25/22 presentation
- Primary reasons for completing this project
- Review options for consideration

Project Thus Far

- Decision Band Methodology
- Salary range development
- Appeals process
- Project timeline, delays, and City Council updates
 - Staff presentation 5/28/19
 - Contract finalized 9/4/19
 - Department Head report 9/10/19
 - Consultant presentation (compensation structure presented) 10/21/20
 - Proposed salary range adjustment 7/1/21
 - Staff presentation 1/25/22
 - Appeals finalized February 2022

Oregon Equal Pay Act

- Work of comparable character is work that requires substantially similar knowledge, skill, effort, responsibility, and working conditions, regardless of title or job description.
- Employees performing work of comparable character should be paid (total compensation) comparably. Differences in pay are justified for the following reasons:
 - Seniority System
 - Merit System
 - Education
 - Training
 - Experience
 - Quantity/quality of production (not applicable at City of McMinnville)
 - Workplace location (not applicable at City of McMinnville)
 - Travel (not applicable at City of McMinnville)

Oregon Equal Pay Act

- Law does not specify race, gender, or other factors. Comparable work and comparable pay are all encompassing.
- Recommended classification structure groups positions by decision-making (responsibility.) Also based on knowledge, skill, and effort, which supports pay equity.
- Since law began McMinnville has addressed two instances of pay inequity. One resulted in a reclassification and one resulted in adjustment to vacation accrual rate.

Responses to CC Questions

- Compensation changes by employee group - \$

	Current Salary	Option 1	Option 2	Option 3	Option 4	Option 5
A & B Band Employees	\$5,070,800	\$134,800	\$66,600	\$83,300	\$44,800	\$10,400
C & D Band Employees	\$3,894,400	\$343,600	\$261,300	\$299,400	\$231,900	\$70,000
Department Heads	\$1,544,400	\$79,100	\$35,300	\$49,300	\$20,700	N/A
Total	\$10,509,600	\$557,500	\$363,200	\$432,000	\$287,400	\$80,400

- Compensation changes by employee group - %

	Current Salary	Option 1	Option 2	Option 3	Option 4	Option 5
A & B Band Employees	48.25%	24.18%	18.34%	19.28%	15.06%	12.94%
C & D Band Employees	37.06%	61.63%	71.94%	69.31%	77.98%	87.06%
Department Heads	14.70%	14.19%	9.72%	11.41%	6.96%	0.00%

Responses to CC Questions

- How will departments sustain increased personnel costs?
 - Departments are expected to absorb the increased personnel costs like they are for all other increases (merit increases, promotions, reclassifications, etc.) If revenues don't support the increase cost the department is expected to reduce budget to absorb cost.
- How does this system support pay-for-performance?
 - This project does not change how employee evaluations and performance management are handled. Evaluations have been inconsistent, likely because many employees are at top-step and have not been eligible for increases.
 - We will continue to bring consistency to the evaluation process and have requested additional software to simplify the evaluation process and ensure consistency City-wide.

Primary Reasons for Project

Employee Relations

- Lack of cost-of-living adjustment July 2021
- Loss of income and PERS contributions for those impacted by furloughs April – September 2021
- Higher than normal turnover
 - Exit interviews show that some employees have left for higher paying jobs in other cities and counties.

Primary Reasons for Project

Recruitment Environment

- Challenging recruitments in key positions
 - City Engineer, Project Engineer, Court Supervisor, etc.
- Difficulty in recruiting higher level individual contributor positions and manager/supervisor positions.
 - Not seeing large applicant pools to support a robust recruitment

Primary Reasons for Project

Strategic Plan

- Mac-town 2032 prioritizes competitive and equitable compensation
- New system is easy to maintain, preventing need for overhaul project in the future
 - Future budgets include funds for job evaluation for new positions or existing positions with changes in duties/responsibilities
- City will conduct salary survey every 5 years to ensure wage adjustments occur regularly, in addition to cost-of-living adjustments

Options to Consider

Option 1, Staff's Recommendation:

- Effective July 1, 2021, move each employee to a step on the new range based on their years of service, without exceeding midpoint on the range.
- Employees will receive a 2% minimum salary increase; some will see increases larger than 2%.
- Estimated one-time cost \$560,000

Options to Consider

Option 2:

- Effective January 1, 2022, move each employee to a step on the new range based on their years of service, without exceeding midpoint on the range.
- Employees will receive a 2% minimum salary increase; some will see increases larger than 2%.
- Estimated one-time cost \$280,000

Options to Consider

Option 3:

- Effective July 1, 2021, move each employee to a step on the new range based on their years of service, without exceeding midpoint on the range.
- Employees are not guaranteed a 2% increase; some will see increases of less than 1%.
- Estimated one-time cost \$450,000

Options to Consider

Option 4:

- Effective January 1, 2022, move each employee to a step on the new range based on their years of service, without exceeding midpoint on the range.
- Employees are not guaranteed a 2% increase; some will see increases of less than 1%.
- Estimated one-time cost \$315,000

Options to Consider

Option 5:

- Effective July 1, 2021, move only employees whose current salary is below the starting step in the new range into the new range.
- All other salaries are frozen.
- Estimated one-time cost \$80,000

Implementation Info

For any of the five options presented:

- Staff will see wage adjustment on March/April paycheck
- Retroactive checks will be processed over the next 2-3 months
- Budget for FY22/23 will include new salary information and account for anticipated merit increases throughout year