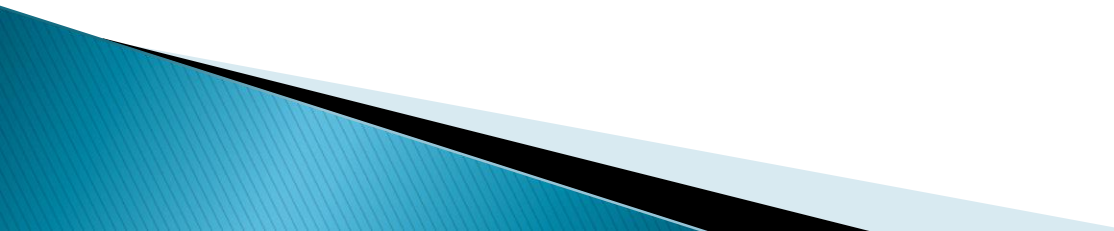


City of Jonesboro

Pay Plan Review

Objectives of Meeting


- ▶ Establish Reserves
 - ▶ Identify where employees should be versus market average
 - ▶ Review history of pay plan
- 

Current Reserves


► Year 2016 Snapshot

| Analysis of Required Reserves | | | |
|--|--------------------------------------|----------------------|----------------------|
| FUND | Projected Fund Balance 12-31-2016 | Required Reserves | Excess Reserves |
| General | \$ 32,056,932 | \$ 5,446,437 | \$ 26,610,495 |
| Street | 6,279,025 | 712,719 | 5,566,306 |
| Cemetery | 1,383,198 | 2,625 | 1,380,573 |
| E-911 | 223,996 | 186,879 | 37,116 |
| Total Operation & Maintenance Funds | \$ 39,943,150 | \$ 6,348,660 | \$ 33,594,490 |

15% of budgeted
expenses –
\$36,309,579



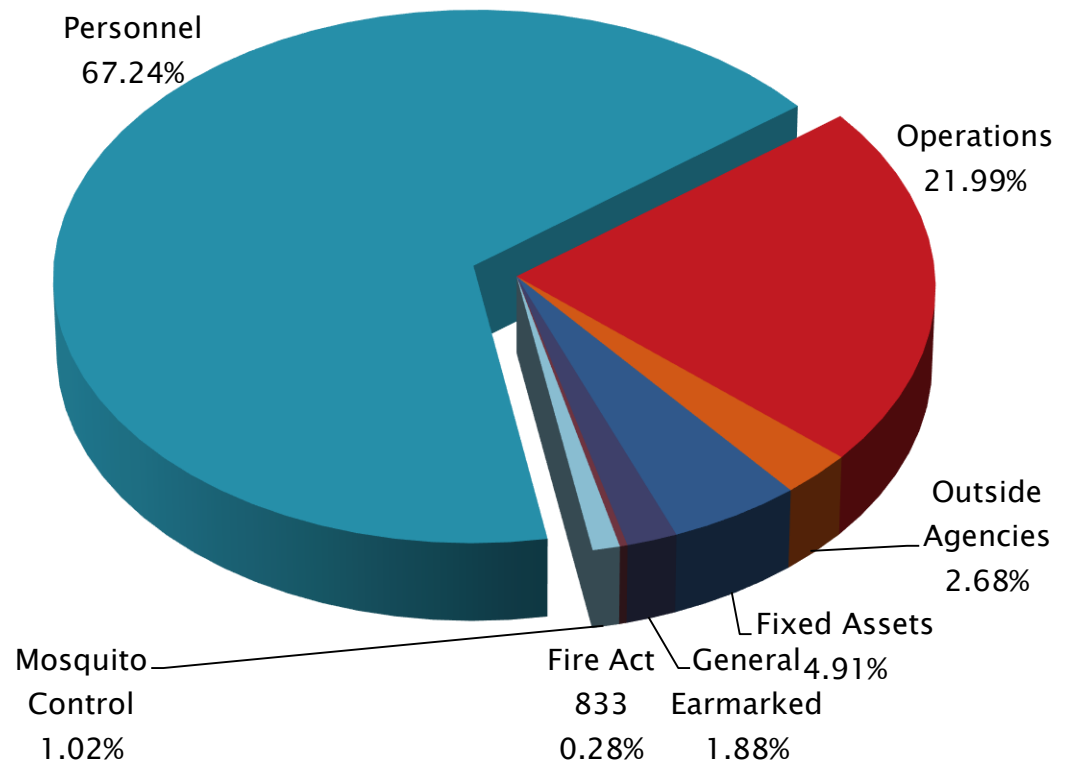
Projected minus
\$7,810,000 (STIP) =
\$18,800,495



How is the Budget Allocated

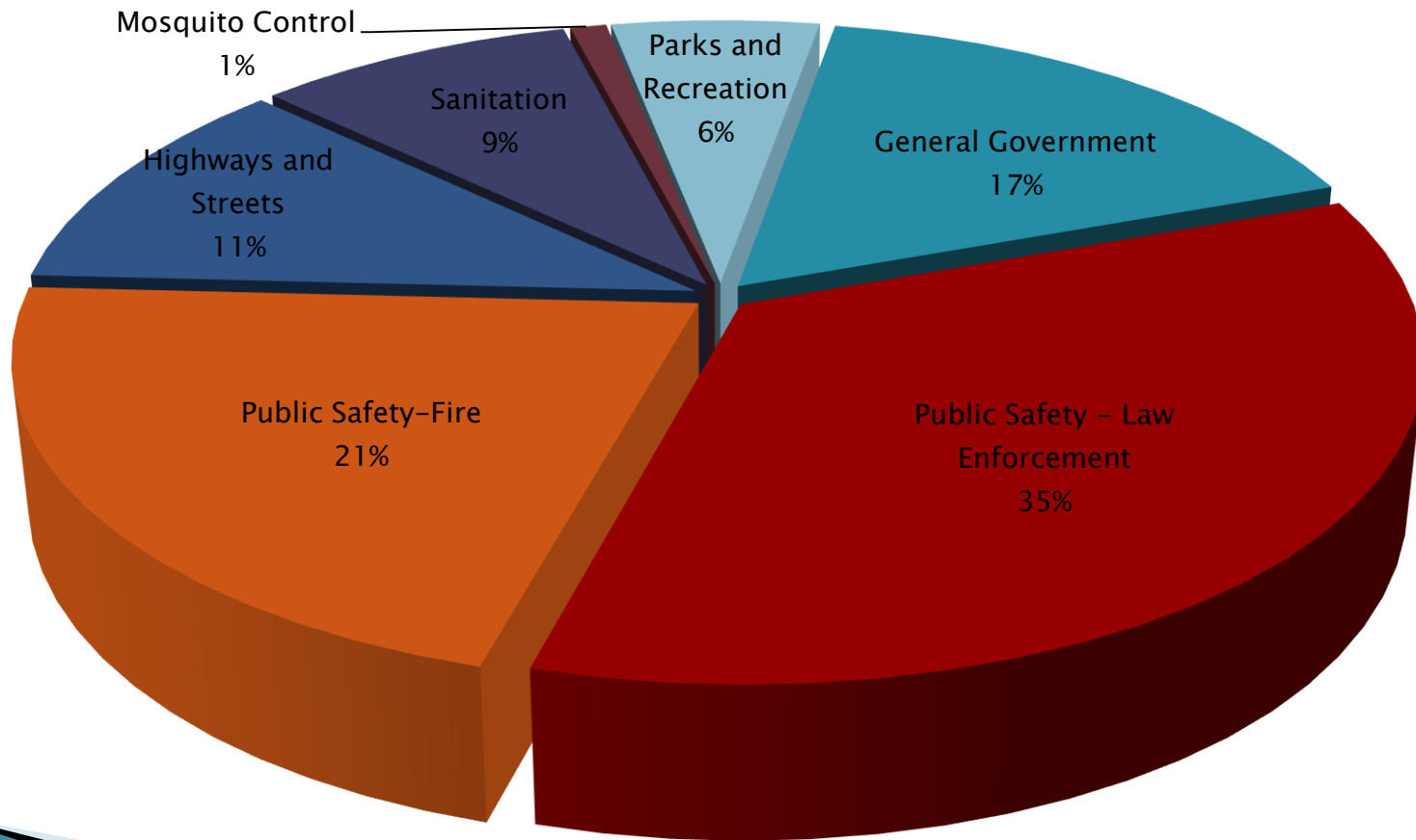
- ▶ Note: We budgeted to transfer approximately 10 % to Capital Improvements

**2016 Projected
Operation & Maintenance
Expenditures
\$36,309,579 (budget)**

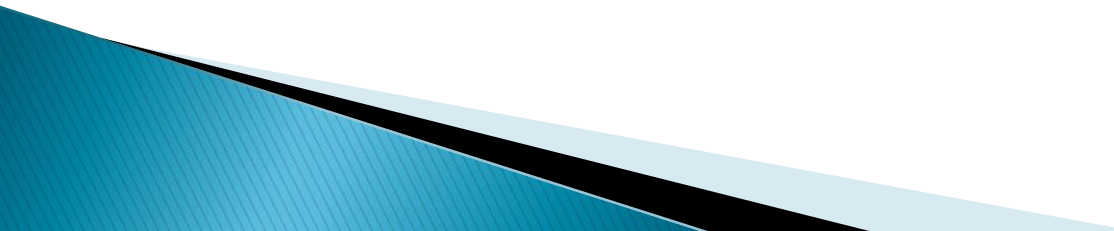


Breakdown by Department

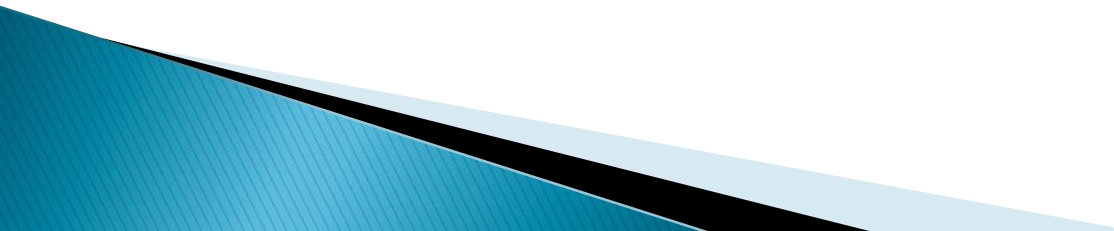
2016 Operation & Maintenance Expenses



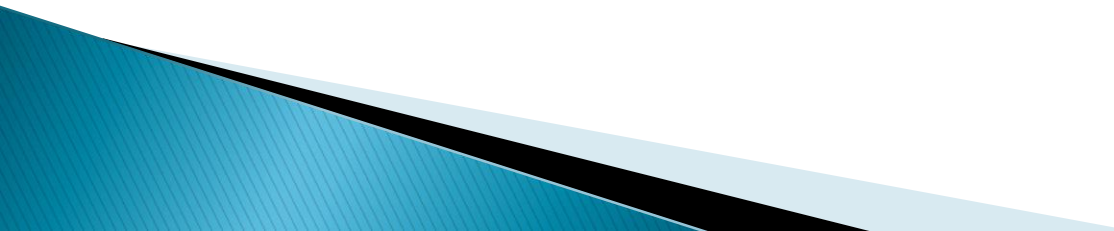
COUNCIL DISCUSSION

- ▶ How much should the city keep in reserves? Ordinance currently says 15% of operating expenses.
 - ▶ How much should be allocated to salaries versus other categories such as capital improvements?
 - ▶ Should the council consider tax increases for specific projects?
- 

Market Average?

- ▶ Should the employees of Jonesboro be at market average? If not, where?
 - ▶ Should council consider one unified pay plan to get employees to the expected level?
 - ▶ Johanson suggests a person should be at market average (midpoint) in 10 years.
- 

History of pay plan

- ▶ The City of Jonesboro hired Condrey & Associates in June 2003.
 - ▶ The Condrey plan was implemented in 2004.
 - ▶ Since that time, there have been several changes. The next slides indicate those.
- 

December 2007 – Police Incentive

- ▶ An ordinance was passed to institute a supplemental pay incentive plan for sworn officers of the police department to aide with:
 - Recruitment
 - Retention

Incentive plan included percentage pay based on certain levels of training, education, fitness, and special skills.

- ▶ Plan Cost 2007 Year
 - Patrolman – \$89,046 (105 employees = \$848/employee)*
 - Sergeant, Lieutenant, Asst. Chief, Chief – \$109,390 (27 employees = \$4,051/employee)*
- *Note: Not all employees received incentive
- Average incentive by rank who qualified for the program:
 - Patrolman – \$1,562: Sergeant – \$3,134: Lieutenant – \$3,767
 - Captain – \$9,167: Asst. Chief – \$8,093: Chief – \$10,683

Police Incentive Growth

| | |
|------------------|-----------|
| ▶ Plan Cost 2007 | \$198,436 |
| ▶ Plan Cost 2012 | \$444,020 |
| ▶ Plan Cost 2015 | \$508,505 |

Average incentive growth by rank from 2007 to 2015


Average 2007

Patrolman – \$1,562
Sergeant – \$3,134
Lieutenant – \$3,767
Captain – \$9,167
Asst. Chief – \$8,093
Chief – \$10,683

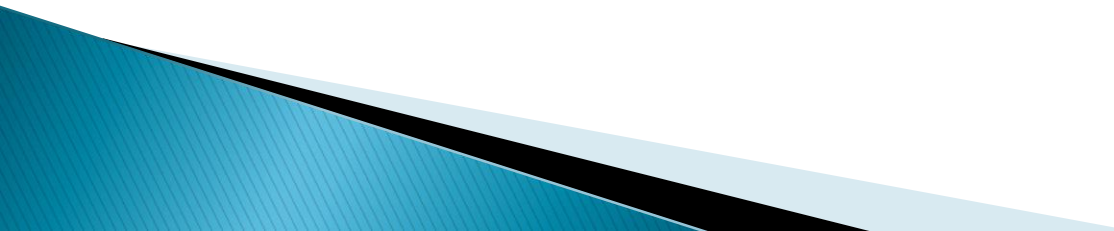
Avg. 2015 (increase)

↑ \$2,118.56 (\$556.58)
↑ \$5,714.77 (\$2,580.77)
↑ \$6,172.94 (\$2,405.94)
↑ \$12,506.71 (3,339.71)
↑ \$9,391.13 (\$1,298.13)
↓ \$2,342.64 prior chief had
higher incentive pay

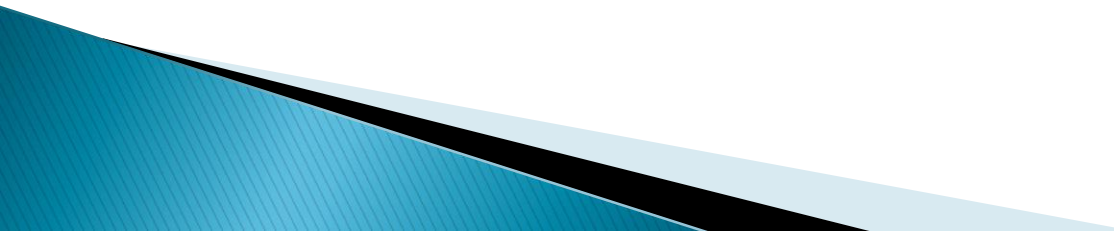
January 2008 – Fire Department

- ▶ Fire Department came back with another ordinance for a realignment to upgrade 24 members pay through step increases to the lowest step above the highest pay of the rank below. Cost to city was \$112,872.17.
 - ▶ The Fire Department developed a minimum and maximum for each rank. This changed pay and promotion policies. It was not specifically listed in the ordinance but was included in the attached proposed pay realignment. Some ranks were increased considerably at this time.
- 

August 2008 – Fire Department

- ▶ Fire Department came to council with an ordinance to implement an educational/training incentive plan. Cost of plan to city in that first year was \$44,468.
 - ▶ Longevity pay was also implemented at this time and cost \$90,732. The ordinance stated the following “the Educational/Training Incentive Plan is a supplemental addition” and “in no way is related to or supercedes the City of Jonesboro’s Pay and Classification Plan”.
- 

Cost of Fire Incentive Plan

- ▶ Plan Cost 2008 \$ 44,468
 - ▶ Plan Cost 2012 \$256,367
 - ▶ Plan Cost 2015 \$313,987
 - ▶ The Fire Department noticed the incentive plan was growing very quickly in cost and instituted a cap to slow growth and extended the amount of time required to earn incentive.
- 

Fire Incentive Plan Growth

Average incentive growth by rank from 2008 to 2015

2007 Average Incentive

Firefighter – \$131.79

Driver – \$214.27

Captain – \$516.59

Batt. Chief – \$531.79

Asst. Chief – \$1,484.00

Chief – \$1,880.72

Average 2015 (Increase)

\$1,489.39 (\$1,357.60)

\$2,128.19 (\$1,913.92)


\$3,480.11 (\$2,963.52)

\$3,215.67 (\$2,683.87)


\$8,960.74 (\$7,476.74)

\$10,541.31 (\$8,660.59)

CITY HIRES JOHANSON

- ▶ City waived competitive bidding and contracted with Johanson DB Squared to review and revise the city's classification and compensation system.
 - ▶ Johanson presented their study to the council in March 2009.
 - New pay plan went away from grades and steps to market based averages. A minimum – midpoint – maximum system was adopted. Midpoint is market average.
- 

Johanson Pay plan adopted December 2009

- ▶ Utilized a rating system based on 15 factors
 - ▶ Each employee was placed in a pay grade based on number of points as assigned during the 15 factor rating system. 24 pay grades were established.
 - ▶ Employees received the same salary they received under the Condrey plan.
 - ▶ Police and Fire incentive/training plans remained intact at this time.
- 

Johanson Pay Plan

- ▶ Fire Department continued to use its own minimum and maximum structure for salaries and promotions. The minimums are noted below.

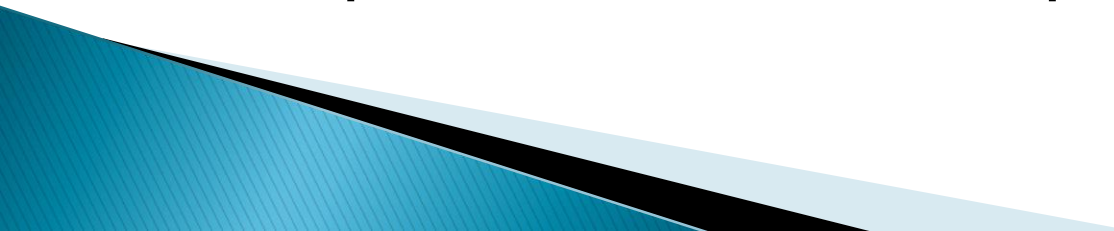
| <u>Position</u> | <u>Ordinance Adpt. Fire Dept. 2008</u> | <u>Johanson 2015</u> | <u>Fire Dept. 2015</u> | <u>Difference Johanson Adopted & What was Used</u> |
|-----------------|--|----------------------|------------------------|--|
| Firefighter | \$28,572.00 | \$30,975.00 | \$30,975.00 | \$0.00 |
| Driver | \$42,415.00 | \$35,194.00 | \$47,750.00 | \$12,556.00 |
| Captain | \$46,818.00 | \$44,334.00 | \$52,714.00 | \$8,380.00 |
| Batt. Chief | \$52,970.00 | \$49,957.00 | \$59,642.00 | \$9,685.00 |
| Asst. Chief | \$61,429.00 | \$64,019.00 | \$68,929.00 | \$4,910.00 |
| Fire Chief | Nothing listed | \$78,082.00 | \$87,841.00 | \$9,759.00 |

Pay Plan 2010–2015

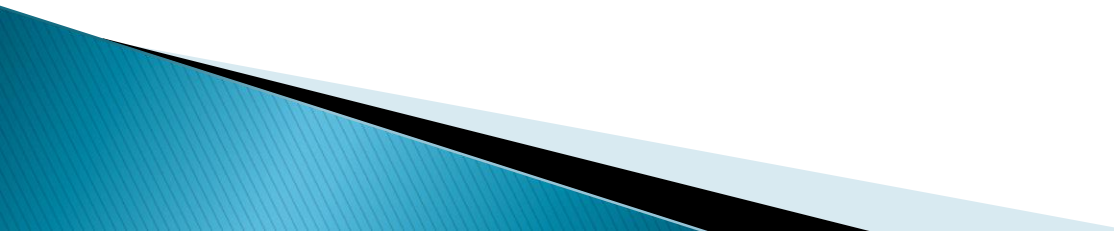
- ▶ Cost of living increases given each year:
 - 2010 0%
 - 2011 3%
 - 2012 0%
 - 2013 2%
 - 2014 2%
 - 2015 2%
- ▶ When cost of living raises were given, we raised the minimum salary within the Johanson plan, creating a compression issue.

*Distribute Examples of Pay over 10 years.


April 2015

- ▶ A committee was formed to review all employee compensation and develop a uniform pay plan for all employees.
 - ▶ Compression and longevity were major concerns to be addressed.
 - ▶ After several meetings, Chairman Dover requested Johanson perform a market study and present recommendations for a comprehensive uniform pay plan.
- 

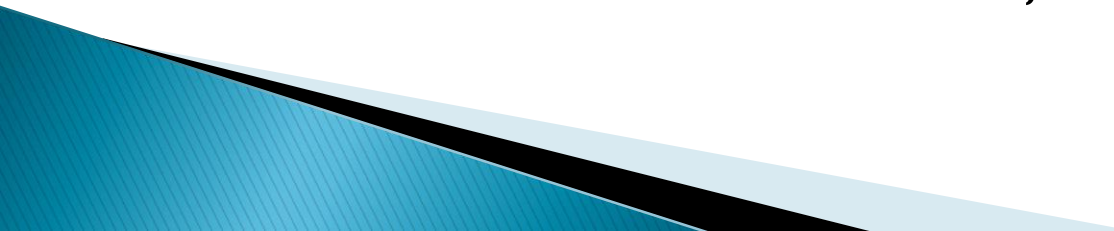
November 2015

- ▶ Johanson presented their study for the committee to consider.
 - ▶ After reviewing the data, the committee developed a recommendation to be presented to full council.
- 

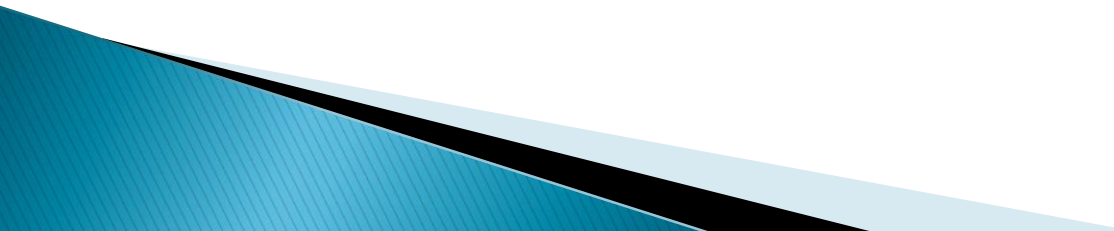
Committee Recommendations

- ▶ **Compression** – All identified employees, except department heads, that have served in their current position over 2 years and less than 9 years will receive a \$75 increase per year in their base pay up to a maximum of \$600. The issue of pay compression will be reviewed on a yearly basis.
 - ▶ **Longevity** – The longevity pay plan will consist of \$75 for every year of service to the City beginning with year 2 and cap at year 30.
 - ▶ **Raise** – \$1,000 per employee
 - ▶ **Incentive and Educational Component** were still under consideration
- 

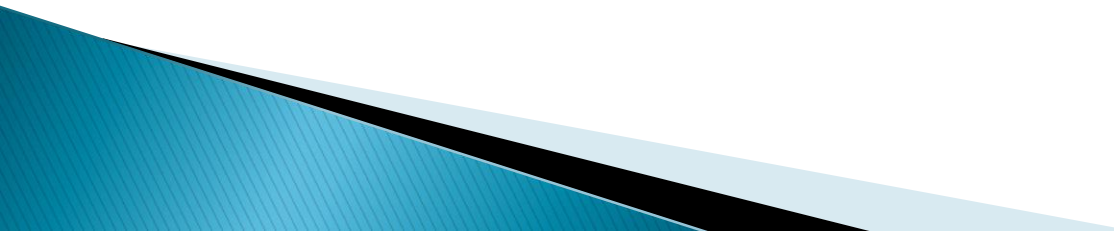
Cost of plan 2016

- ▶ An ordinance was adopted in February 2016 to accept the salary plan recommended from the committee.
 - ▶ This recommendation added \$1,079,325 to existing city salaries and was paid retroactively to January 2016.
 - ▶ Incentive and Education plan was expected to cost an additional \$250,000 once passed.
- 

Where are we now vs. market

- ▶ 5% are at Minimum pay level
 - ▶ 52% are between Minimum and Midpoint (market average)
 - ▶ 28% are between Midpoint (market average) and Maximum
 - ▶ 15% are at Maximum or Above
- 

Public Safety Committee

- ▶ Resolution passed in May 2016 to establish a committee to review and make recommendations concerning police officer salaries and compensation.
 - ▶ Public Safety committee passed recommendation for Finance Council to consider.
- 

Plan Proposal

- ▶ Cost of proposed plan salaries for 2016 is \$646,005
- ▶ Plan growth in percentages and cost over next 8 years

| Year | \$ Growth | % Growth | Total Added Cost |
|------|------------|----------|------------------|
| 2016 | \$ 646,005 | | \$ 646,005.00 |
| 2017 | \$ 187,044 | 29% | \$ 833,049.00 |
| 2018 | \$ 125,179 | 15% | \$ 958,228.00 |
| 2019 | \$ 111,051 | 12% | \$ 1,069,279.00 |
| 2020 | \$ 98,780 | 9% | \$ 1,168,059.00 |
| 2021 | \$ 97,169 | 8% | \$ 1,265,228.00 |
| 2021 | \$ 108,943 | 9% | \$ 1,374,171.00 |
| 2022 | \$ 101,755 | 7% | \$ 1,475,926.00 |

Plan proposal

- ▶ Distribution of average initial raise is as follows:

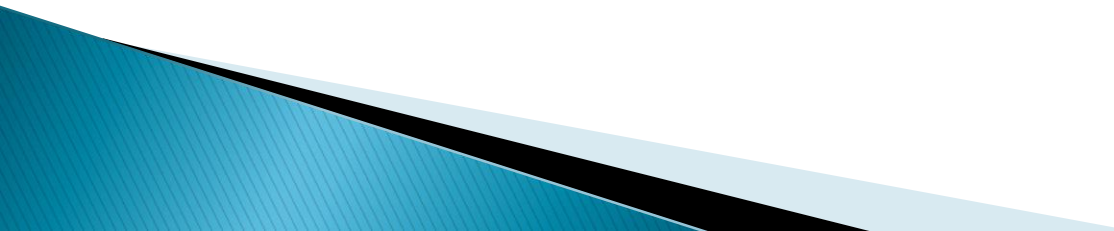
| | |
|------------------|---------|
| • Police Officer | \$2,848 |
| • Sergeant | \$5,364 |
| • Lieutenant | \$3,190 |
| • Captain | \$5,093 |
| • Asst. Chief | \$8,744 |
| • Chief | \$9,621 |

Major Concerns from Departments

- ▶ Police Department
 - Implementing a Step Plan
 - Defining Base Pay
- ▶ Fire Department
 - Promotions
 - Incentive/Training Plan
- ▶ Non-Uniform
 - Retirement Benefits
 - Incentive/Training Plan

Everyone is
concerned
about being
at market

Council Considerations

- ▶ Incentive pay – is that part of the base pay?
 - ▶ As we go forward, should incentive pay be included in market surveys.
 - ▶ Should the city amend the current pay plan to achieve desired results or create new plans for various departments?
- 

Council Considerations

- ▶ We currently spend approximately \$1 million on incentives for police/fire.
 - ▶ The current incentive plan has been put on hold while the committee worked on a new one. Should we continue with the current plan until something is put into place?
 - ▶ We are looking at incentives for the entire city.
 - ▶ If we took the amount of money anticipated for implementation of a city wide incentive, would we be better off applying it to a proposed step program?
- 