

**COMMISSION FILE NO:** 17-023-2 **DATE INTRODUCED:** February 13, 2017

**INTRODUCED BY:** Executive Director (Signature on File in the Office of the Commission)

**REFERRED BY COMMISSION CHAIRPERSON TO:** Policy, Finance, and Personnel Committee

**RELATING TO:** Approval of 2017 Pay Grade Structure for Management, Non-Represented, and Formerly Represented Employees

**SUMMARY:**

The Commission is requested to approve the attached pay grade structure for pay grades 4 through 21 for management/non-represented and formerly represented employees effective January 1, 2017.

In 2016, the District retained the services of Carlson Dettmann Consulting (CDC) to complete a market analysis of management/non-represented and formerly represented positions in an effort to ensure market competitiveness and to integrate the formerly represented positions into the District's existing management/non-represented pay for performance pay structure so that all positions within MMSD are in one compensation system. As a result of that analysis, the Commission is requested to approve the attached pay grade structure for all MMSD positions effective January 1, 2017.

**ATTACHMENTS:** **BACKGROUND** ☒ **KEY ISSUES** ☐ **RESOLUTION** ☒  
**FISCAL NOTE** ☐ **S/W/MBE** ☐ **OTHER** ☒ 2017 Pay Plan Structure: 2016/2017 Comp Ratio Graph

*PFP\_2017PayGradeStructure\_legislative\_file.docx  
01-25-17*

**COMMITTEE ACTION:** \_\_\_\_\_ **DATE:** \_\_\_\_\_

**COMMISSION ACTION:** \_\_\_\_\_ **DATE:** \_\_\_\_\_

## **BACKGROUND**

### **Approval of 2017 Pay Grade Structure for Management, Non-Represented, and Formerly Represented Employees**

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In 2004, MMSD implemented its current pay for performance compensation program for management/non-represented staff, with a commitment to complete a comprehensive market analysis every four to five years. MMSD reviews its compensation system on a regular basis to ensure market competitiveness in the recruitment and retention of employees.

The District's one bargaining unit remained on a step system when the management/non-represented staff moved to a pay for performance system, as those salaries were still negotiated through the bargaining contract system. In 2011 and post Act 10, the District imposed a new step system for the bargaining unit. Since that time, AFCSME Local 366 decertified as the collective bargaining agent for the District's represented employees positioning all District employees as non-represented effective May 1, 2016. In an effort to continue parity across the District and to consolidate all employees under one pay for performance structure, the District authorized CDC to complete a comprehensive market analysis and study for all District positions.

The study consisted of the following:

- Job analysis and evaluation of all MMSD positions
- Market analysis (external competitiveness)
- Internal comparability of positions
- Compensation plan design
- Report and presentation on findings/recommendations

The job analysis and evaluation of all MMSD positions involved the internal job content evaluation of all positions to ensure that positions were appropriately placed and integrated into the pay grade structure.

The market analysis phase of the study involved the identification of 21 job titles within MMSD for which duties and responsibilities are similar to those in organizations selected to participate in the survey. A total of 17 wastewater utilities were solicited to participate, with 88% actual participation. In addition to the custom survey, CDC used current Wisconsin pay data to supplement the survey data for the positions included in the custom survey and to measure current pay for all MMSD positions.

As a result of the market analysis study, CDC and MMSD recommend the pay plan structure in Attachment 1 as the new pay structure for pay grades 4 through 21. The recommended structure is similar to the management/non-represented pay range structure as adopted in the 2017 budget, but has updated pay range minimums, maximums, and midpoint market rates. With the recommendation, the midpoint market rates in the lower pay grades up through pay grade 14 are lower than those in the 2017 budget and for pay grades 15 and above are higher than those in the 2017 budget.

## **BACKGROUND (Cont'd)**

### **Approval of 2017 Pay Grade Structure for Management, Non-Represented, and Formerly Represented Employees**

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Attachment 2 exhibits the average compensation ratio (average 2016 salary compared to the midpoint market rate) of all MMSD employees within each pay grade of the proposed pay grade structure. With the exception of pay grade 5, the average comp ratio is consistently at the market rate which signals, on average, MMSD employees would be paid at the market rate.

In the 2017 Budget, the Commission approved for management/non-represented employees a merit increase of 2.75% and an additional 1.9% structural if a position were under the midpoint market rate. The Commission was also informed that the CDC market study was underway and could be implemented for the formerly represented staff if the results were timely. Any 2017 salary adjustment is contingent upon receipt of a satisfactory or above performance evaluation.

For the majority of positions, there will be no change in individual salary adjustments and no change to the impact of salary adjustments on the 2017 budget with the implementation of the recommendation; however, there would be impacts to 19 employees as described below.

Two formerly represented employees will fall below the new minimum of the pay range. A one-time adjustment to bring their salaries to the new minimum would be a total cost of \$4,925.

One formerly represented employee will remain red-circled as it has been since the District imposed a revised step system in 2011, post Act 10. It is estimated that the salary of this individual will fall into range in 2018, and this employee has not received any salary adjustment since 2012. A one-time non-base building bonus of \$500 is recommended.

Sixteen employees in pay grades 7-12 will be impacted by the lowering of the midpoint market for pay grades 4-14 and would forego the structural adjustment that they would otherwise have received. The pay range midpoints that were approved in the 2017 budget before the market study was completed are based on the last market study from 2009 with annual structural adjustments as recommended by the District's compensation consultant to generally keep them in line with overall market rates, and this practice is consistent with the District's practice between market studies. Per the District's compensation policy, employees whose salaries are below midpoint market are eligible to receive the merit and structural increases. This is so that employees who are hired between the minimum of the range and below midpoint market will be able to achieve a salary reflective of the market rate in a similar time that it would take for an employee to become proficient at the job, a best practice retention strategy. A one-time adjustment to allow the structural increase is recommended at a total cost of \$22,900.

## **BACKGROUND (Cont'd)**

### **Approval of 2017 Pay Grade Structure for Management, Non-Represented, and Formerly Represented Employees**

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With the recommended actions, the District's compensation ratio is as presented in Attachment 2 (average 2017 salary compared to the midpoint market rate) of all MMSD employees within each pay grade of the proposed pay grade structure. The result is a compensation ratio that still signals the District's compensation is reflective of current market.

The proposed pay structure, if adopted, is consistent with salary structures recently adopted for salaried employees in Green Bay and Madison.

## **RESOLUTION**

Approval of 2017 Pay Grade Structure for Management, Non-Represented, and  
Formerly Represented Employees

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**RESOLVED**, by the Milwaukee Metropolitan Sewerage Commission, that the attached 2017 pay structure, pay grades 4 through 21, be approved and that the recommended salary adjustments be approved.