



Classification and Compensation Study  
Final Executive Report

for

City of Ashland, OR



March 2025



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## **Introduction**

McGrath Human Resources Group, Inc., an organization that specializes in public sector consulting, was commissioned by the City of Ashland, Oregon to conduct a Classification, Compensation and Benefits Study for both union and non-union positions.

The purpose of the Classification and Compensation Study is to assist the City in reviewing and analyzing the current compensation structure, obtain recommendations for improvements to the existing structure, and obtain recommendations to ensure internal equity and external competitiveness. The City has not conducted a comprehensive compensation study since 2008. With the multiple unions, it was time to ensure that positions are not only competitive to the market but also ensure positions throughout the organization are internally equitable. In addition, the City asked for a review of the benefits to look at a Total Compensation strategy.

The Consultants would like to extend their appreciation to the City Manager, Human Resources Director, Department Directors, and employees for their time, cooperation, and sharing of information and perceptions with McGrath Human Resources Group.

## **Methodology**

### **Data Collection**

The project involved several steps: collection of data, interviews, and data analysis. The first step of this Study involved gathering data that pertains to current compensation practices within the City. The Consultants received information relating to current salaries, specific policies, collected market data, and current job descriptions.

Interviews were conducted with the City Manager, Human Resources Director, Department Directors, and other management personnel within each Department. The purpose of these meetings was to first, gain an understanding of the City's current compensation practices and philosophy; second, to solicit ideas and input from these stakeholders for future compensation methodologies and practices; and finally, to determine if there were any positions within the City that were difficult to recruit, retain, or were otherwise unique in the position's responsibilities.

Employees from each Job Classification were then asked to complete a Position Questionnaire (PQ) which provided extensive information about the position. The Consultants utilized the Position Questionnaires completed by the employees, which had been reviewed by supervisory employees, to gain a better understanding of the job responsibilities, skills, and various competencies of the position.

City Administration provided each department a list of job titles and the pay grades – without salary ranges. Based upon the comments provided, the Consultant made some changes to placement of positions within the pay grades.

Upon completion of the draft compensation schedule, the Consultant met with the City Manager and Human Resources to finalize the compensation structure.

### Labor Market

In order to gain information from the external market, through interviews with the Department Directors and City Administration, a list of comparable organizations was established. That list was reviewed, edited, and approved by the Administration. The list was also derived from what a negotiator would use for comparable organizations in Oregon. Thus, the list started with five (5) organizations with populations that are higher, and five (5) lower than the City of Ashland. Additional comps were added based on input from Department Directors that felt these organizations had positions that were ‘similar’ or they knew employees had left to go to the organization or is within a recruiting area.

Each of the comparable organizations were contacted requesting current salary schedules and incumbent data. The following comparable organizations were contacted:

**Table 1: Comparable Organizations**

<b>Approved Comps</b>
City McMinnville
City of Central Point
City of Corvallis
City of Eugene
City of Forest Grove
City of Grants Pass
City of Hermiston
City of Klamath Falls
City of Lake Oswego
City of Lebanon
City of Medford, City
City of Milwaukie
City of Roseburg
City of Sherwood
City of Wilsonville
Jackson County
Josephine County
<b>Electric - Additional Comps</b>
Canby Utility Board

City of Canby
City of Monmouth
Forest Grove Light & Power
McMinnville Water and Light
<b>Fire - Additional Comps</b>
City of Newberg*
City of Redmond
City of Wilsonville
Jackson County Fire District
Redmond Fire & Rescue
Tualatin Valley Fire & Rescue District
<b>Park - Additional Comps</b>
Bend Parks & Recreation
<b>PW - Additional Comps</b>
Medford Water Commission
*Did Not Participate

The collection of this compensation data was utilized to analyze the average Market Minimum, Midpoint, and Maximum Rates per defined benchmark positions. A comparison of the average salary of the positions to the salary of incumbents within the City was also performed. When necessary, evaluation of the comparable organization’s job description, when available online, was utilized to resolve conflicts. In some cases, titles were altered to better align with the industry or responsibility. Not all positions are reflected in the following data analysis. In some situations, data was not available in the external market, data was insufficient, or there were no internal matches at the time of the Study.

The data will be presented for the City as a whole.

**Market Data Solicited**

The market survey gathered the following 2024 information: Minimum, Midpoint, and Maximum salary for the positions as well as the average salaries of the incumbents. Upon examination, salaries were eliminated if statistically too high or too low so as not to skew the average (typically within one to two standard deviations). A new average was then calculated with the remaining salaries. There was a great deal of time spent analyzing the data to ensure that each position was examined based on the data available and how the responsibilities of each position align within the City.

The market data will be presented to show how the entire organization compares to the external market rate, followed by individual comparisons for Non-represented, IBEW Clerical, IBEW Electric, Laborers, Parks, and Public Safety units.

## Market Analysis – All Positions

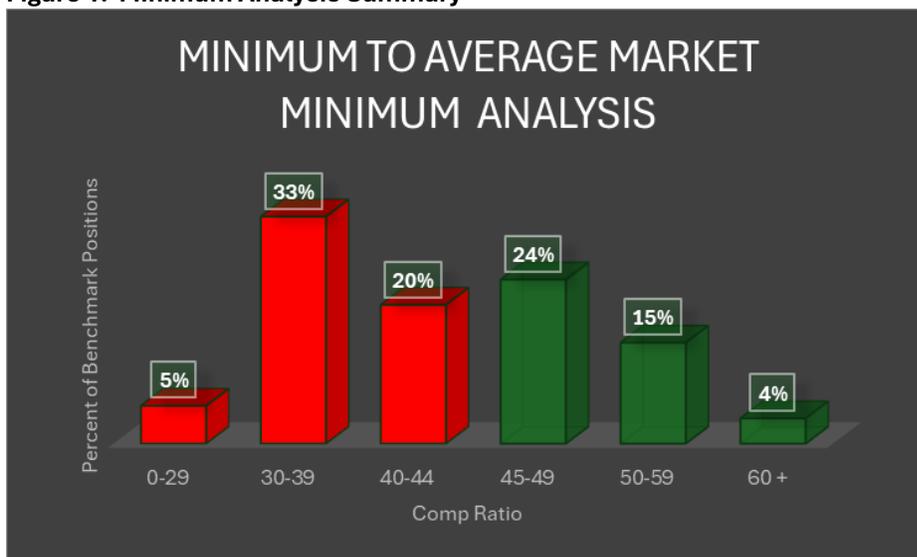
In order to analyze the ranges, a comp ratio is used, which is a ratio of the City’s salary in relation to the external market data. A 50% comp ratio would mean that the salary is in line with the external market while utilizing +/-5% range around each data point. Thus, if a position has a comp ratio of 45% or greater, the employee is considered to be competitively compensated. However, given current labor market conditions, these comp ratios may still be facing challenges with recruitment or retention and have been identified separately.

### Minimum Salary Comparison

The analysis of the minimum salary range gives an initial indication of whether starting salaries are within an acceptable market range. When building a salary schedule, consideration of this information will ensure the City’s minimums are within an acceptable range to the average market minimum; however, this analysis is only the beginning in the development of a compensation schedule.

Approximately 58% of the benchmarked job titles are below the average market for minimums. Overall, 42% of the positions are within the acceptable average market minimum. Figure 1 below provides a summary of findings.

Figure 1: Minimum Analysis Summary



\*May not total 100% due to rounding

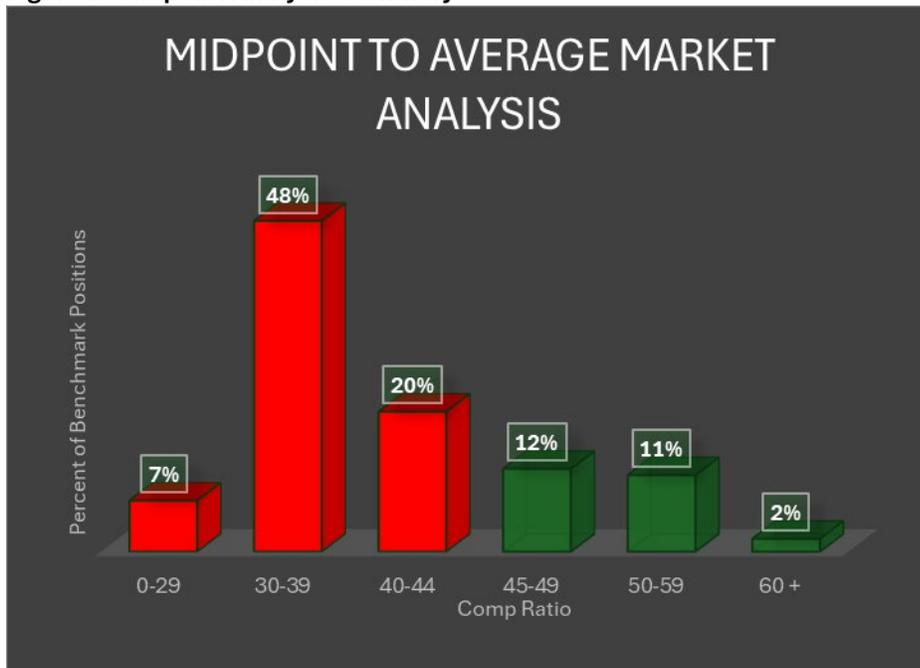
### Average Midpoint Salary Analysis

The Consultants wanted to know if the midpoint of the existing salary schedule was aligned with the average market; therefore, a midpoint analysis between the City’s midpoint and the

market average was conducted. In many compensation structures, the Midpoint represents the average market rate. An employee should be at or above the average market rate typically within three (3) to five (5) years of service. This indicates the employee is fully capable of performing all of the duties of the position and should be paid at the average market rate.

Again, a comp ratio less than 45% would indicate the salary ranges are not aligned to the market. Approximately 75% of the midpoint of benchmarked positions are lower than the average market. Overall, 25% of the positions are within the acceptable average market at the midpoint. The following is a summary of findings.

**Figure 2: Midpoint Analysis Summary**

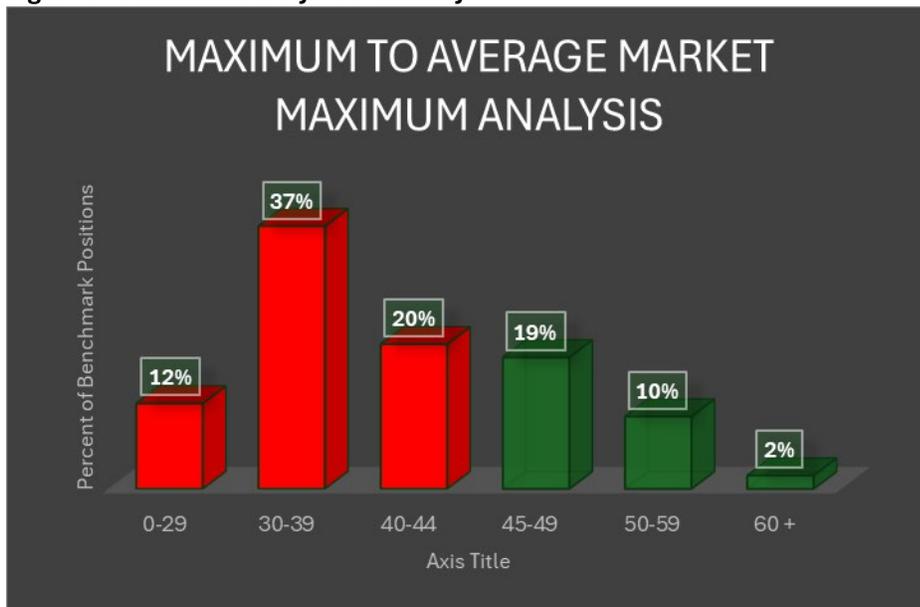


\*May not total 100% due to rounding

### **Average Market Maximum**

The Consultants wanted to know how the maximum rates aligned with the average market; therefore, a maximum rate analysis between the City's maximums and the market's maximum average was conducted. Again, a comp ratio less than 45% would indicate the salary ranges are not aligned to the market. Approximately 69% of the maximum rates of benchmarked positions are lower than the average market. Overall, 31% of the positions are within the acceptable average market at the maximum, although maximum rates by the nature of compensation philosophy may vary significantly. The following is a summary of findings.

**Figure 3: Maximum Analysis Summary**

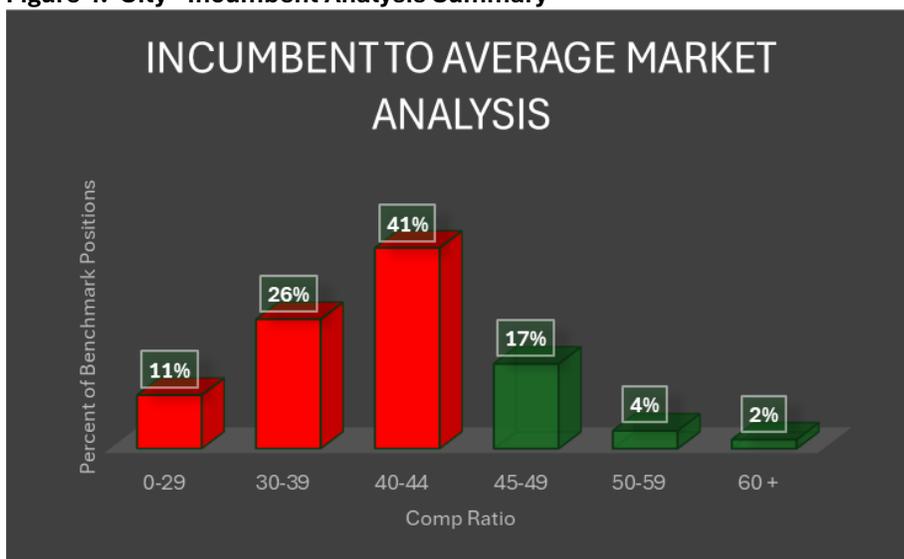


\*May not total 100% due to rounding

### **Average Market Salary Analysis**

The next step is to compare the City's current incumbent salaries to the average market rate to assess how competitive incumbent wages are within the market. For this purpose, an *average* of current employee wages is utilized for positions with more than one (1) incumbent. Twenty-three percent (23%) of the positions are at or above the average market rate, and 79% of positions are in a lower comp ratio that may not be at market competitiveness. One needs to consider tenure of employees, which is discussed in the Employee Demographics section. The Figure below provides a summary of findings.

**Figure 4: City - Incumbent Analysis Summary**



\*May not total 100% due to rounding

## Market Data Summary

The City has not kept pace with the external market. There needs to be adjustments not only to positions within the salary range; but also with the salary ranges.

### Summary

Overall, regardless of union or non-represented, the vast majority of positions have fallen below the average market. Thus, adjustment to the salary ranges needs to occur.

## Current Compensation System

There are 15 salary schedules. These include six (6) union schedules:

- **IBEW Clerical**
  - Schedule has 16 pay grades, although 1 pay grade is no longer used
  - There are 4 steps within each grade that range from 5 -6%
  - The pay grades are in numerical order, and those that have the minimum in chronological order, have 23-25% between the pay grades
  - Although in chronological order by Clerical number; the minimums are not so it is difficult to determine the percentage between the pay grades.
- **IBEW Electrical:**
  - 9 pay grades with only a minimum salary
    - There is 1% - 10% between these 9 pay grades
  - 6 pay grades with 5 steps. The distance between steps ranges from 4 – 29%
  - Although these pay grades are numbered sequentially, the minimums are not in sequential order so difficult to determine the percentage between the pay grades.
- **IAFF-Fire**
  - There are 14 pay grades
  - The FF/EMT-O grade has 5 steps that are 4 – 5% apart; however, the remainder of the pay grades only have 3 steps that are 2 – 3% apart.
  - There is 5% between the pay grades. As such this is going to cause compression between the ranks, especially when overtime is incurred.
- **Laborers**
  - There are 7 pay grades
  - There is 5 – 6% between the 5 steps
  - There is 24% between pay grades
- **Non-Represented**
  - There are 5 different salary schedules
    - Exempt Management
      - 10 steps with 3 – 5% between the steps
      - 29-42% between the 4 pay grades

- Exempt Supervisor
  - 7 pay grades with approximately 22% between the grades
  - Each grade has 5 steps that are 5% apart
- Non Exempt – Sergeants
  - 1 pay grade with 5 steps; 5% apart
- Non Exempt
  - 3 pay grades that are 22% apart
  - 5 steps that are 5% apart
- Non-Represented Non Supervisor
  - 5 pay grades that are 22% apart
  - All have 5 steps that are 5% apart
- Non-Represented Confidential
  - 5 pay grades that are 22% apart
  - Each pay grade has 5 steps that are 5% apart
- Elected
  - Has 2 positions with one salary
- **Parks**
  - There are 3 salary schedules within this group
    - Parks Executive management
      - 1 pay grade with 10 steps that are 2 – 5% apart
    - Parks Exempt Supervisor
      - 2 pay grades that have 5 steps that are 5% apart
      - The 2 pay grades are 22% apart
    - Parks Non Exempt Supervisors
      - 17 pay grades grouped by Clerical and Maintenance
      - All have 5 steps that are 3 – 15% apart
      - For those in sequence, there is 22-25% between the pay grades
- **Police**
  - 5 pay grades
    - 2 pay grades have 6 steps that are 4 – 6% apart
    - 3 pay grades have 5 steps that are 5-6% apart
  - There is 27% between the police officer and senior police officer
  - Whereas there is 23-36% between the remaining 3 pay grades.

The Consultant combined all of the salary schedules in sequential order by the minimum. There is considerable overlap between pay grades; compression between the various pay grades, and the inconsistency between the pay grades is illustrated. The spreadsheet has been provided to the City Administration under separate cover.

Significant issues in this study are the number of schedules, the inconsistency in which they are developed, the difficulty to determine the hierarchy of positions and as such, minimize

compression. In addition, the City does not have methodology for placing positions within the salary schedule.

## **Compensation Philosophy**

A compensation philosophy is an organization's financial commitment to how it values its employees. The goal of this philosophy is to attract, retain, and motivate qualified people. A consistent philosophy provides a strong foundation in determining the type of total compensation package to offer employees.

There are foundational aspects of compensation to assist with the development of a compensation philosophy to ensure the goals of compensation align with the goals of the organization. First, there are basic questions to consider:

1. What is considered a fair wage?
2. Are wages too high for the financial health of the organization?
3. Does the compensation system reflect the value of positions within the organization?
4. Is your compensation strong enough to retain employees?
5. Do you currently have a defined compensation philosophy?
6. If so, is your compensation philosophy keeping in line with labor market change, industry change, and organizational change?

The City is in business to provide services to the citizens, businesses, and visitors of the community. It does that through hiring qualified employees who lend their skills and talents to various positions within the organization. Without those individuals, the City would cease to provide infrastructure, safety, court services, and other essential services and process the necessary functions to keep those systems in place. Employees expect a compensation system that pays a competitive wage for the skills, education, and responsibilities of the position, and the City is in close proximity to larger communities and organizations that lead the market's wages.

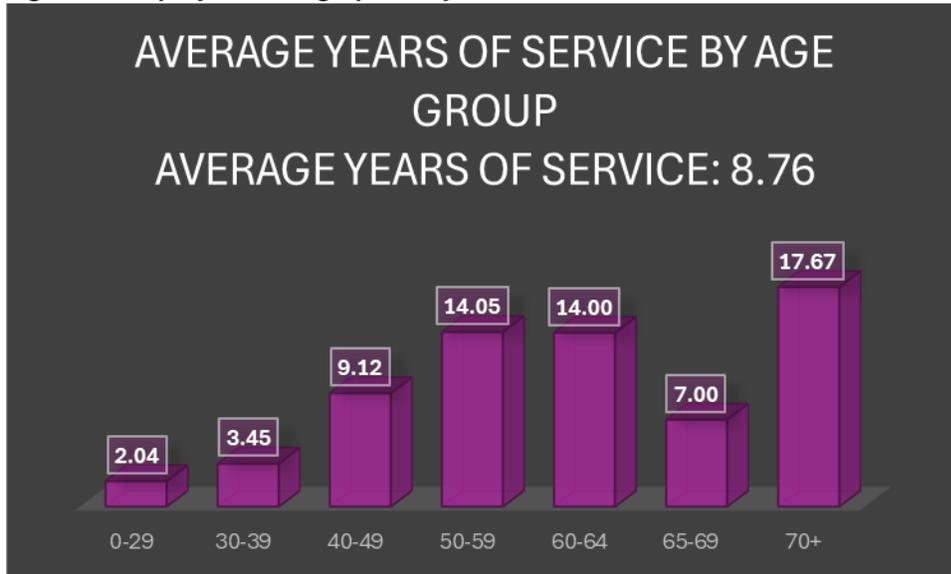
In order for the City to be competitive with recruitment and retention, it is recommended the City establish its compensation philosophy that is based on an *average market* compensation so the City can be competitive in the current labor market. The following sections support that recommendation.

### **Employee Demographics**

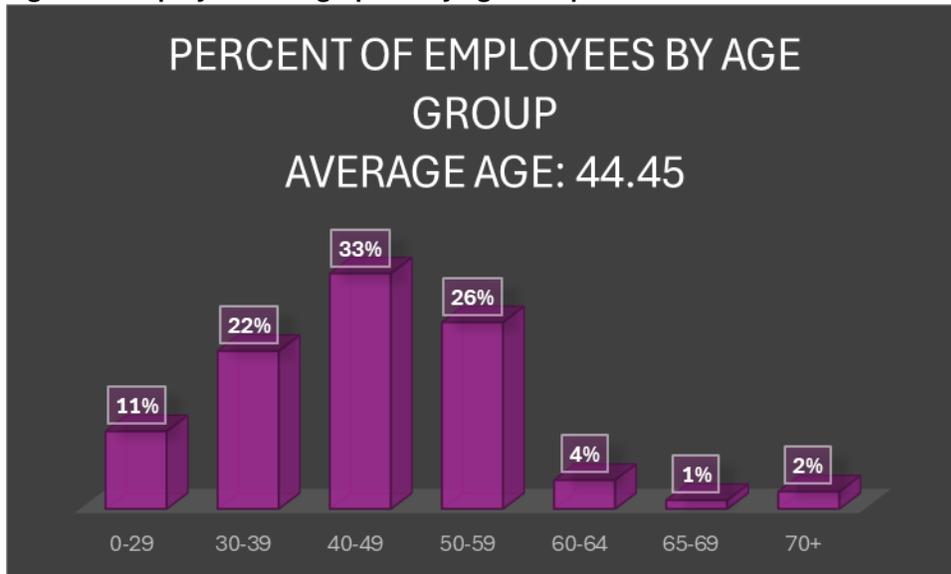
In reviewing the City's employee demographics for positions covered in the Study, the tenure of the organization ranges from new hire – 36 years. The overall tenure average of the employees is 8.76 years. The national average in the public sector is currently 6.4 years

(Local Government-Bureau of Labor Statistics, September 2024), showing the City is greater than the national average. In order to have a full picture of the City, one needs to explore these demographics further. These findings are in the following Figures.

**Figure 5: Employee Demographics by Years of Service**



**Figure 6: Employee Demographics by Age Group**



The above Figures show those in age groups 50 and above have the longest tenure of the organization and represent 34% of employees covered under this Study. The City should expect turnover simply due to retirements over the next decade and beyond. When these employees leave the City, the average tenure of the organization is going to decline further, as their tenure is boosting the current average tenure. This data should be monitored at least annually.

The demographics profile also illustrates that 33% of the workforce is under the age of 40, and this is likely the cross-section of employees who are seen as more mobile in today's workforce, focus heavily on work/life balance, and consider non-compensatory benefits for the purposes of retention. This group also changes jobs quickly because it results in earning higher wages as opposed to remaining with one organization for a longer period of time, which is notable as average tenure in these age groups is about 5.5 years.

What is interesting is that 59% of the City's employees are within the 40-59 age group. This group typically is more stable and less likely to switch employers. Although, with the current economy, this group is highly desirable to other employers due to their experience and knowledge. Thus, the City needs to not only be cognizant of recruitment, but also how will it retain employees, as well as transition all that institutional knowledge as this group nears retirement.

### **Public Sector Turnover/Recruitment Challenges**

According to human resources professionals across the United States, it is becoming progressively harder to hire qualified personnel. Looking at a tight labor market, recruitment and retention of qualified personnel with the necessary skills for public service has topped the list of workforce challenges for the last several years, and nearly all human resources professionals reported moderate to significant increases in vacancies within their organizations.

There has been a rise in job openings in the government and the private sector; however, this is not a recent phenomenon; openings have been going up steadily since 2009. The likely reason behind this trend is that while the demand for personnel with specific skill sets has gone up in the government and the private sector, both haven't been able to find adequate personnel to fill these roles. In government, some of these roles may be specific to the work it typically does such as provision of social services and ensuring law and justice. But in others such as technology, the government has been increasingly competing with the private sector for tech-related talent. This is evident from trends in occupational employment. This is not necessarily a new issue, but some employers do state it has become increasingly problematic to operations. Public employers have been experiencing ongoing challenges of this nature for almost a decade.

Governments historically have had a compelling proposition to offer workers secure lifetime employment and generous health benefits followed by a robust pension for retirement, which is no longer the case.

Public employers are battling for their talent because:

- The "Silver Tsunami" identifies between 30%-40% of local government workers eligible to retire, and there is a workforce gap.

- Long-term employment has less appeal for the younger workforce.
- There is a real or perceived decline in public support for government workers.
- Public employers do not feel they can compete with salaries and benefits as benefits erode and the private sector is more competitive.
- There is a growing skills gap. Many government jobs now require specialized education or training. Fewer positions are ‘learn on the job.’
- Public employers are not able to offer the same level of flexible work arrangements to all employees.
- Limitations in technologies prevent efficiency and automation.
- There are limited financial resources.
- Not all work cultures are satisfying and supportive.

### **The Great Resignation and Private Sector Influence**

Compounding the public sector recruitment challenges, the country has experienced continued private industry prosperity, record inflation, record retirements, and record turnover from an otherwise qualified workforce, causing all industries, both public and private, to be competing for already limited human resources. This has led employers to increase wages for all positions to help recruit and retain their talent. The effect has been substantial, and nearly every employer is experiencing recruitment and retention challenges. Many businesses report the lack of available workers and have curtailed their ability to meet current work demands, while raising wages.

### **Inflationary Impact on Employees**

The latest trend that has impacted human capital is Inflation. Inflation may be showing signs of it slightly cooling in 2024 over 2023, but unrelenting high costs are not lessening. Persistent inflation has pushed many in today’s workforce to live paycheck to paycheck, cut back on expenses, dip into their savings and stop contributing to their retirement accounts, etc. It is also becoming an issue for mental health, because there is no sense of control over the issue. Because there is no sense of control over high costs, the “dollar” for employees does not stretch as far. Employers have a role in addressing this issue. Offering competitive wages that keep up with the rising cost of living is crucial not only for retaining employees but also for ensuring their well-being, so employees do not feel they have to leave simply because they cannot afford to stay.

## **Salary Schedule Options**

The salary structure is one of the basic building blocks of a base compensation program. The type of structure sends a clear message about an organization's approach to job design, work processes, and organization structure. The type of salary structure an organization chooses must fit its culture, business needs, and operating cycle. The options discussed included the following:

### **Step Model**

A compensation system that is common in the public sector is the step system. Within this system, individuals receive a set increase based upon years in position to advance to the market rate. Individual performance should be a factor of compensation, as movement to the next step should be based upon acceptable documented performance. Step models are also generally predictable so employees can see their advancement through the range, are easy to budget for, and can be administered with administrative ease.

### **Range Model**

When considering a compensation system, some organizations gravitate toward a range model, with a standard mechanism to progress through the system. This gives the City flexibility in hiring based on qualifications and allows the employee to progress toward the market rate for the respective position within a reasonable period of time. The City can also incorporate performance increases in the future with this model.

## **Recommended Salary Schedule**

The recommended compensation system is an 8-step schedule (the schedule has been provided under separate cover). The percentage between steps is 3% for all steps which results in a 23% salary range. This schedule is built off the average market, which is Step 5 of the recommended salary schedule. The percentage between pay grades varies to minimize compression between superior and subordinate positions.

To reset all of the various pay granges, all groups – represented/non-represented, have been placed onto one pay schedule. This provided an opportunity to ensure competitiveness to the external market, ensured the pay ranges in relation to the City's hierarchy and minimizing compression, as well as a review of all positions in relation to internal equity.

The recommended system has the pay grades coded by the various unions, in the event that the City desires to break up the schedule by the various labor groups.

## Electric Schedule

The current salary schedule for IBEW-Electrical, for many of the positions, has only one (1) salary. The Consultant has placed these positions on the salary schedule; thus, providing eight (8) steps. It is not uncommon in the electric industry to have very limited steps in their schedules. Although the Consultant strongly encourages having all of the represented and non-represented groups on one salary schedule, there may be a case to pull the technical positions into an independent salary schedule. There is no internal comparability among many of these positions; rather, these positions compete with the private sector market.

## Position Placement

Placement of positions in the salary schedule is based upon several criteria:

- Point factor system
- Market analysis
- Compression analysis
- Internal equity

**Figure 7: Position Placement Diagram**



The point factor system is a system that evaluates a position based on 13 competencies. Information in these categories is obtained through the completion of a PQ completed by employees and reviewed by the supervisor. This system evaluates a position on the following criteria:

- Education
- Licenses/Certifications
- Procedures/Guidelines
- Job Complexity
- Consequence of Errors
- Confidential Information
- Contact with Others
- Equipment, Machinery, Tools

- Use /Type of Technology
- Financial
- Leadership/Supervision
- Work Environment
- Physical Requirements

This point factor system will remain confidential. Often when supervisors and employees know the point factor system, an objective evaluation of the position becomes suspect, as the PQ addresses the criteria rather than the true responsibilities of the position.

It is essential for the City to understand that the combination of the minimum salary, market salary, point factor, compression analysis, and internal equity all make up the recommended compensation plan – not just one (1) factor.

After considering all these elements, the placement of some positions on the Salary Schedule have changed, with some positions now being placed in lower or higher pay grades than on the previous Schedule. This is not an indication that any given position is more or less important. Similarly, this is not a “reclassification” process, where a position is being evaluated on changes in responsibility, authority, or decision making that may place the position in a higher or lower pay grade, etc. This process is a complete reset of the Compensation System. This is sometimes difficult for employees, because they look only at where their position is placed on the Schedule and compare themselves to positions that have been placed higher. When this occurs, employees begin to compare their perception of the value of positions within the organization, and do not know, or disregard, the factors the Consultants considered when placing all the positions onto the schedule.

All union, nonunion positions and the multiple salary schedules have been placed onto one (1) salary schedule. The positions are coded so that if the City needs to separate the schedules based on union groups, it can be done. However, resetting all of the salary schedules onto one (1) has allowed for duplication of pay grades/positions to be eliminated; ensure alignment and minimize compression between subordinate and superior positions; as well as ensure internal equity among similar positions that were on different salary structures.

### **Employee Placement**

To implement the recommended salary schedule, employees currently below minimum of the new pay range Step 1 will be placed on Step 1. Employees above Step 1 will be placed on the step closest to their current salary without a decrease.

For example, if the employee is earning \$15.00 and the closest step is \$15.02, it results in a \$0.02 increase. This may not be a significant increase and should only be viewed as a wage adjustment to move onto the new salary schedule, i.e., consideration is not given to how the employee is valued by the City, but rather it is a re-set of the salary schedule.

In most organizations, this type of placement proves problematic as employees feel that if they have more tenure in the position, they should be higher within the salary range. Although there is merit to this argument, placement on the schedule by years in the position proves to be very costly – something most public sector entities cannot afford.

### **Classification Structure**

During the Study, there was an opportunity to better align job titles with responsibilities, moving away from the current general classification title and working title structure currently in place. Some job titles were revised to either have consistency throughout the organization, or to become more current with the external market/respective industry. These changes have been reviewed with department directors and are reflected on the recommended salary schedule.

It should be noted that not all titles will follow the new classification structure if the title needs to be specific for statutory/funding/regulatory reasons, or simply due to alignment with local government industry practices. The following classification hierarchy is recommended, and the City should begin to move to this classification structure.

**Director** - Senior level position within the organization that has direct and routine contact with elected officials and City management. Directors report to the City Manager.

**Manager** – The next level of management within a department. This is a direct report to a director, based on the organizational structure and levels of management required. A manager is an individual who supervises individuals who are classified as a supervisor or supervise employees and is in charge of a program within the department. This includes not only supervisor responsibilities, but also budget and strategic planning of the program.

**Supervisor** – This is a direct report to a manager, director or administrator, based on the organizational structure and levels of management required. This position has at least two (2) direct reports

and has supervisory responsibilities that include hiring, performance management, and a defined level of discipline.

### **Fire Department Incentive pay**

The Fire Department provides incentive pay for employees who have an EMT-I or Paramedic certification. Within the pay grades assigned to these positions, there are two (2) extra tiers for individuals that have these certifications and perform the responsibilities associated with the certification. The Consultant provided a flat dollar amount that was added to the EMT-I and Paramedic level. Employees were placed on the salary schedule based upon their rank and EMS certification.

### **Police Department – Stipends/incentive pay**

The Police Officers have some specialty pay options for sworn staff. The Officer specialty pay does not have a limit; however, the Sergeants have a limit of 15% of specialty pays. The Consultant has no recommendations for changing the incentive pay, but recommends a limit on the number of specialty pays as bargained with the Sergeants.

## **General Operational Guidelines**

### **Maintenance of Salary Schedule**

It is important for the City to have a standardized procedure to adjust the Salary Schedule for consistency and for budgetary forecasting. It is the Consultant's recommendation that on a set date each year, the Salary Schedule be adjusted by the Consumer Price Index – Urban (CPI-U) percentage or by a local economic indicator, if preferred. For example, since budgeting is done at approximately the same time each year, the City should establish a specific month in which to capture the average of the previous twelve (12) months of the selected economic indicator for a recommended adjustment. The City will still maintain control if conditions and finances fluctuate in a specific year.

In the event the salary structure is uncoupled based on bargaining units, it would be in the best interest of the City that increases to the salary schedule are negotiated consistently among all of the salary schedules. Thus, the work to ensure internal equity and compression will be lost.

### **Step Movement**

Employees advance to the next step on the employee's anniversary date. There is no recommended change to the City's current process.

# Benefits

In addition to compensation, the City asked that a comparison of major benefits be completed. The following is a summary of how the City is fairing in the market and future opportunities.

## Health Insurance

### Plan Design Overview

The City currently offers two (2) plan designs summarized as follows:

**Table 2: Health Plan Summary**

PLAN DESCRIPTION	DEDUCTIBLE AMOUNTS (S/F)
CIS Co-Pay H Base Plan	\$1,500/\$4,500
CIS Co-Pay F Buy-Up Plan	\$500/\$1,500

Most organizations have been forced to add higher deductibles and coinsurance limits onto health plans to push costs back onto the end users/consumers, which is now a standard across the nation. Offering multiple plan options gives employees the opportunity to select the coverage that best matches their personal situation, which is a positive attribute to the benefits package.

Employers often also include contributions to a Health Reimbursement Account (HRA VEBA) or Health Savings Account (HSA). The City currently contributes 3% of the employee’s salary towards an HRA VEBA for single or family coverage. Comparable organizations reported average HRA VEBA annual contributions of \$1,980 for single coverage and \$2,700 for family coverage. Those offering contributions as a percentage of employee salaries reported a range of 1% to 6%, with an average of 3.38%.

### Premiums

It is extremely difficult to compare health insurance, as the number of plans and the plan designs are significantly different among organizations. What can be compared is the amount the employee contributes toward the cost of that insurance. As the City is aware, the cost of health insurance is a large budget item for any organization. Health insurance is also often the single largest benefit looked at by potential new hires with the City, so a review of employee contributions to this benefit is imperative for offering a comprehensive benefit package.

The Consultants conducted a comparison between the City's 2024 health plans and the comparable organization's health plans for a more accurate assessment of insurance within its specific peer group.

The market information indicates the Ashland Base Plan is in the moderate to high range of the comparable market in terms of premium only. However, that is not a comprehensive picture because employees have actual claims costs as well.

### **Expected Employee Cost**

Because premiums and deductibles vary across the region, considering the combined cost of the monthly premium and deductible provides a more accurate reflection of the expected employee expense.

Looking at deductible amount with premium cost, the City is in the middle to higher range depending on the plan. A final look at the City in relation to out-of-pocket maximums, follows.

### **Maximum Employee Cost**

An analysis of the market data employees that experience a major medical event that exceeds the deductible costs will have an overall moderate risk on the City's plans than other comparables when considering the maximum out of pocket expenses.

### **Health Insurance Summary**

Overall, the City has multiple plan options, which is favorable to the employees. Although some of the newer workforce does not always appreciate the value of health insurance benefits, most existing employees and more mature applicants do. Lowering the employee premium or increasing the annual HRA VEBA contribution would provide a more attractive plan design to poise the City competitively. This will present a total wage and benefit package that aligns with the market average.

## **Time-Off Benefits**

Time-off and work life balance continue to be top areas candidates and employees look at when considering employment and retention. Therefore, the City's paid time-off benefits were also reviewed.

## Holidays

Currently the City offers a total of 11 observed holidays. The comparables that provided holiday information reported total observed holidays between 9-13 days, with most reporting 11 days. The floating/personal holidays reported by comparables ranged from 1-4 days with the majority providing one (1) day. Floating holidays are beneficial when the City does not observe a federal holiday or for an individual religious holiday or traditional practices that do not align with the City’s holiday schedule. The consultants recommend the City add floating holidays to the time-off benefit package.

## Vacation

The City’s vacation models are summarized as follows:

**Table 3: Current Vacation Model**

Plan	Levels of Accrual	Minimum Accrual	Maximum Accrual	Years to Reach Maximum
Management - Confidential	5	120 hours	240 hours	19 years
Laborers	5	120 hours	240 hours	19 years
IBEW Clerical and Electrical	5	120 hours	240 hours	19 years
Fire	6	168 hours	360 hours	24 years
Police	6	120 hours	288 hours	24 years

Data was collected from comparables in the respective employee groups. The City’s minimum accrual is lower than the average among the comparables in the Management – Confidential employee group. The City is leading the market in terms of maximum accrual in all groups. The City’s maximum accrual limit of two (2) times the annual accrual (range of 480-720 hours) is leading the average maximum balance of all the comparable groups except Fire personnel. The table below provides the average accruals as reported by the comparables by employee type. The City is recommended to review accrual amounts and make adjustments where they are falling behind the comparables.

**Table 4: Vacation Average Comparison**

Employee Type	Average Minimum Accrual	Average Maximum Accrual	Average Years to Reach Maximum	Average Maximum Accrual Balance
Exempt - Management	133 hours	220 hours	18 years	424 hours
Non-Represented	92 hours	206 hours	19 years	416 hours
Laborers Personnel	118 hours	226 hours	20 years	444 hours
Clerical Personnel	97 hours	215 hours	22 years	375 hours
Police Personnel	106 hours	210 hours	19 years	407 hours
Fire Shift Personnel	162 hours	360 hours	22 years	745 hours
Fire Personnel (40hr/week)	102 hours	233 hours	22 years	468 hours

## Sick Leave

The City's sick leave models are summarized as follows:

**Table 5: Current Sick Leave Model**

Plan	Annual Accrual	Maximum Balance
Non-Public Safety Employees	96 hours	960 hours
Police Personnel	144 hours	1,200 hours
Fire Personnel	192 hours	1,248 hours

Sick leave data was collected from comparables in the respective employee groups shown in the Table below. The City's annual sick leave accrual is matching or leading the market in all employee groups. The Consultants have observed a trend toward offering unlimited sick leave, as reflected in the comparable data ranges provided.

The City currently provides employees with an option to cashout excess sick leave, add to cumulative sick leave or convert to vacation. Comparables reported similar incentives including conversions into VEBA accounts. Upon retirement, the City's employees will have 30% to 50% of their sick leave balance credited to their HRA VEBA account and/or the balance credited to their retirement account, depending on the employee group. Comparable organizations reported a range of payout options, such as a percentage of the sick leave balance or conversion of unused hours to a VEBA account or deferred compensation plan. The Consultants recommend the City consider expanding the sick leave maximum balance to remain competitive in the region.

**Table 6: Sick Leave Average Comparison**

Plan	Average Annual Accrual	Maximum Balance (avg/range)
Non-Public Safety Employees	96 hours	960 hours/720 hours to unlimited
Police Personnel	104 hours	1,280 hours/1,000 hours to unlimited
Fire Personnel	173 hours	2,920 hours/1,800 hours to unlimited

### **Paid Time-Off**

Paid Time-Off (PTO) is a single bank of time-off, which is then used for sick, vacation, and even bereavement time, instead of having different banks of time for different purposes. Some organizations include holidays into this program, while others do not. PTO is a benefit that is not yet common among employers in this region; however, is one that the public sector is embracing and the City may want to consider in the future.

### **Four Day Work Week**

The four (4) day work week has gained some momentum over the past few years. It is a trend that many would not have considered prior to COVID; however the trend in flexible work schedules has garnered more interest. A majority of employers in Europe have tried the 32-hour work week, but continue to pay for 40 hours. In Canada, an overwhelming majority – 91% - of senior managers surveyed by Robert Half favored some type of four (4)-day work week. With that said, most favored 4 – 10 hour days. Many organizations that have tried the four-day work week found increased morale and better focus. However, the challenges are the assumption that there is less work, or one has to work more intensely when on site. Further, there are the challenges of how benefits will be determined.