



Classification and Compensation Study

May 20, 2025



About Us

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- Interviews with Administration and Department leaders.
- Review of data from current Compensation Systems, current Job Descriptions, and current Policies.
- All positions requested to complete a Position Questionnaire (PQ). At least one (1) PQ was required per position.
- Solicited compensation data from public organizations (Minimum, Midpoint, Maximum, and Incumbent Salary).
- Human Resources reviewed the compensation system with Department Directors
- Collected information on benefits



About Us

Celebrating 25 Years



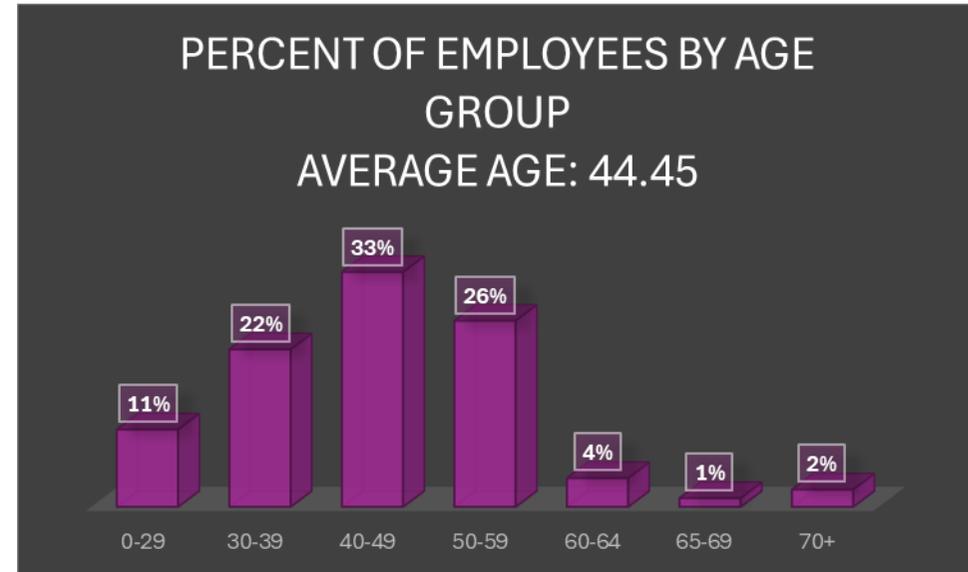
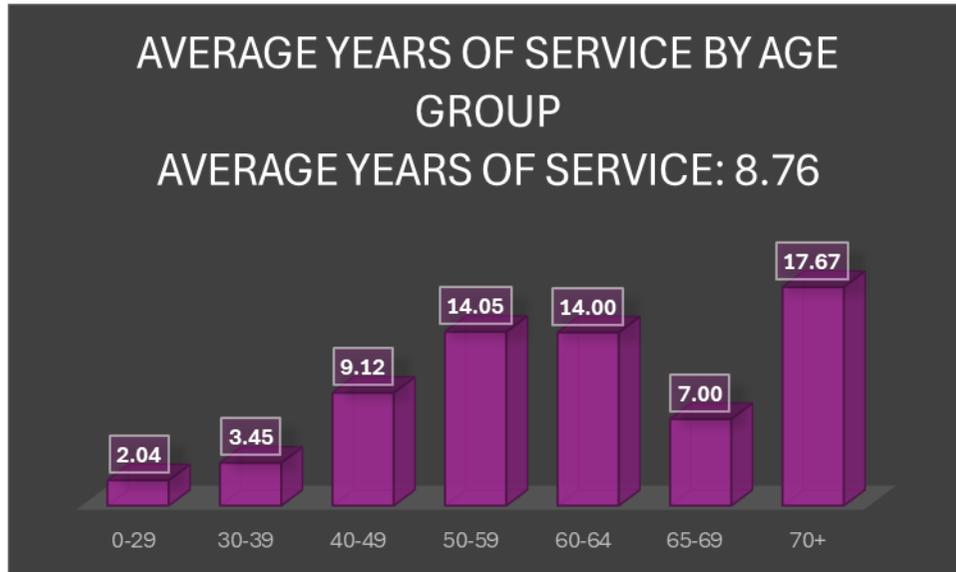
- McGrath Consulting Established in 2000
 - Sept 2012 – McGrath Human Resources Group
 - 620 Client Projects in 41 States Companywide
- Public Sector Consultants
 - Human Resources
 - Public Safety (Police, Fire, EMS, Dispatch)
- Specialize In
 - Compensation Studies
 - Performance Management
 - Development of Policies and Procedures/Handbooks



Methodology

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Demographics



33% of workforce under age 40 (mobile workforce)

59% of workforce are within the 40-59 age group – more stable workforce

34% of workforce are age 50 and above

Recruitment and Retention Focus

Public Comparable Organizations

Approved Comps	
City McMinnville	Electric - Additional Comps
City of Central Point	Canby Utility Board
City of Corvallis	City of Canby
City of Eugene	City of Monmouth
City of Forest Grove	Forest Grove Light & Power
City of Grants Pass	McMinnville Water and Light
City of Hermiston	Fire - Additional Comps
City of Klamath Falls	City of Newberg*
City of Lake Oswego	City of Redmond
City of Lebanon	City of Wilsonville
City of Medford, City	Jackson County Fire District
City of Milwaukie	Redmond Fire & Rescue
City of Roseburg	Tualatin Valley Fire & Rescue District
City of Sherwood	Park - Additional Comps
City of Wilsonville	Bend Parks & Recreation
Jackson County	PW - Additional Comps
Josephine County	Medford Water Commission

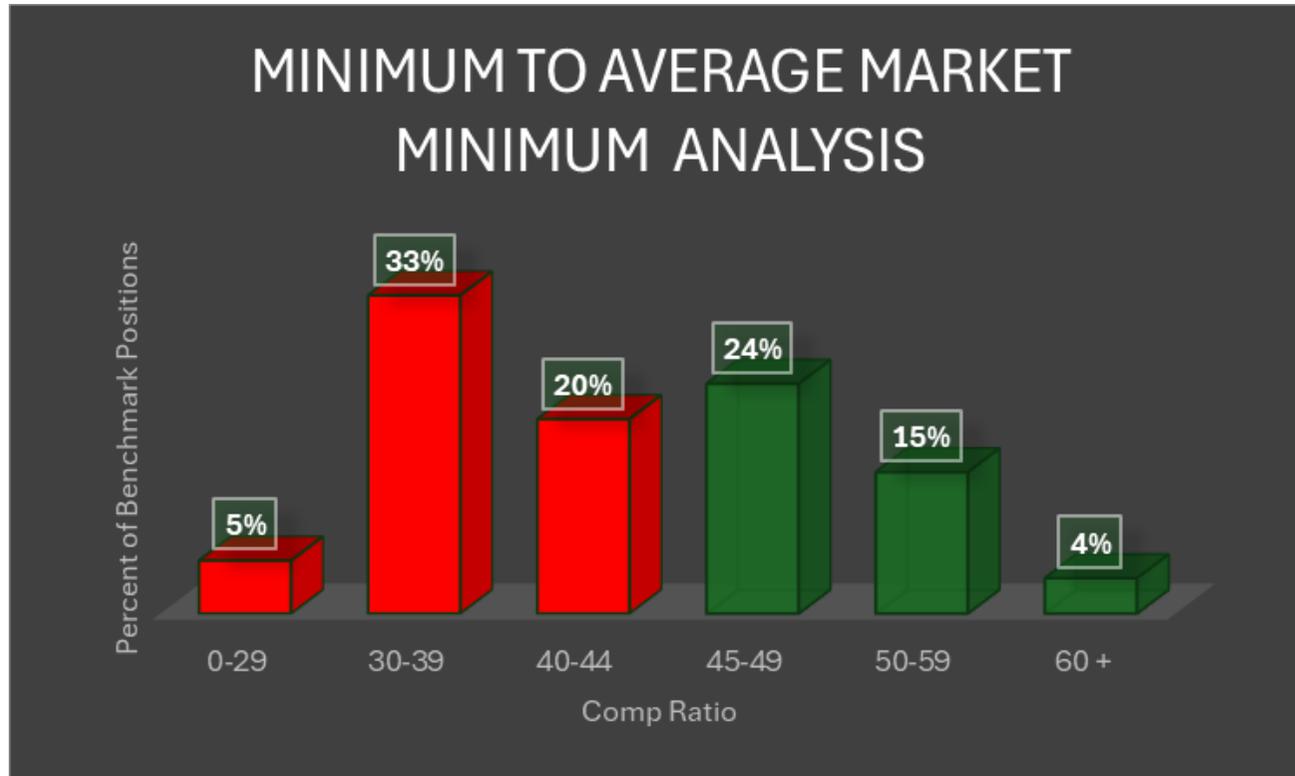
* Did not participate

Market Analysis

Comp Ratio

- A comparison of the City's Salary Range and/or salaries to the “Market”
 - Average Market Rate: 50%
 - Acceptable Comp Ratio Range: 45% +
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Minimum Salary Analysis

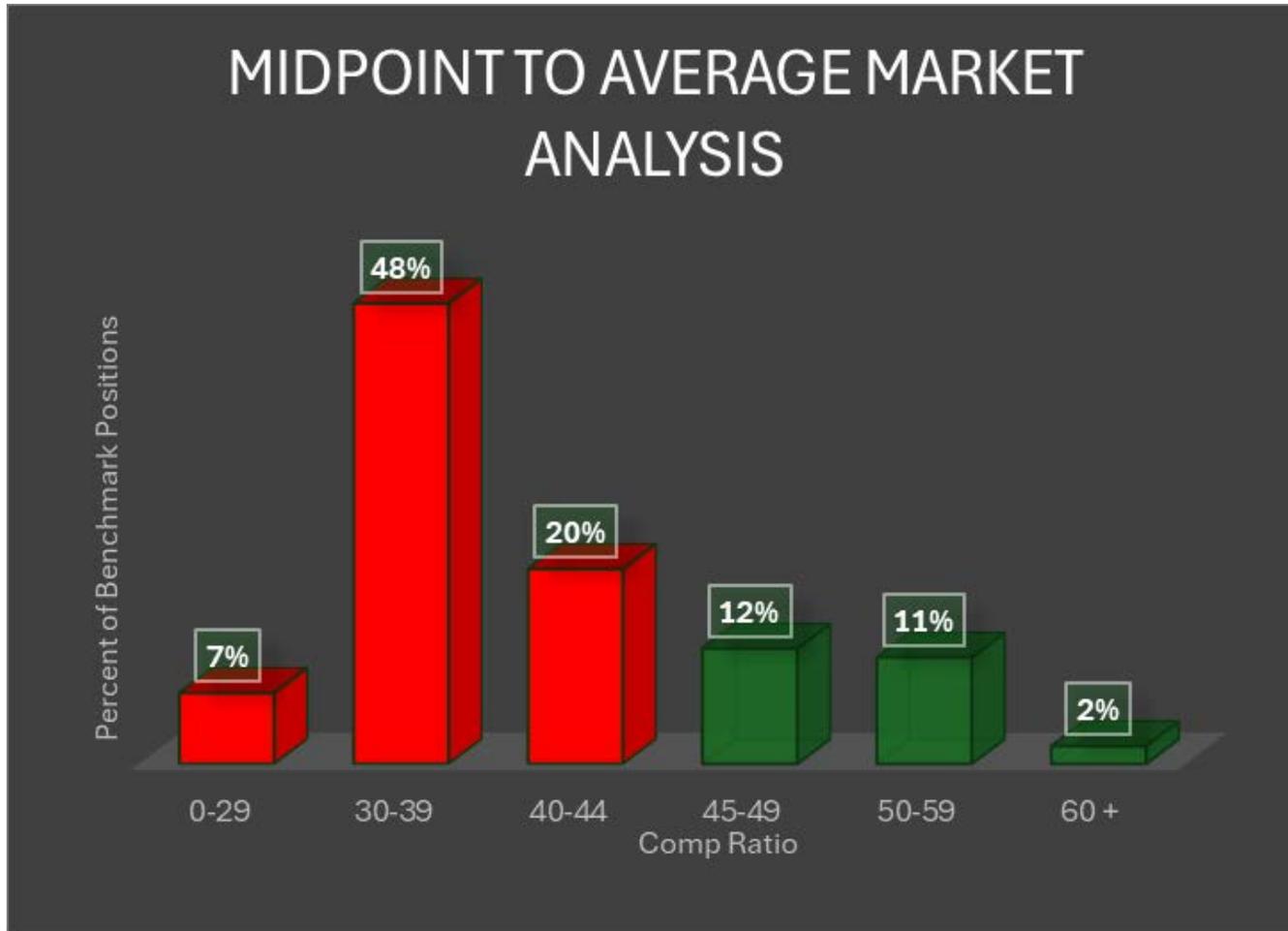


58% under Market

42% aligned with
Market

Rounding may not result in 100%

Midpoint Salary Analysis



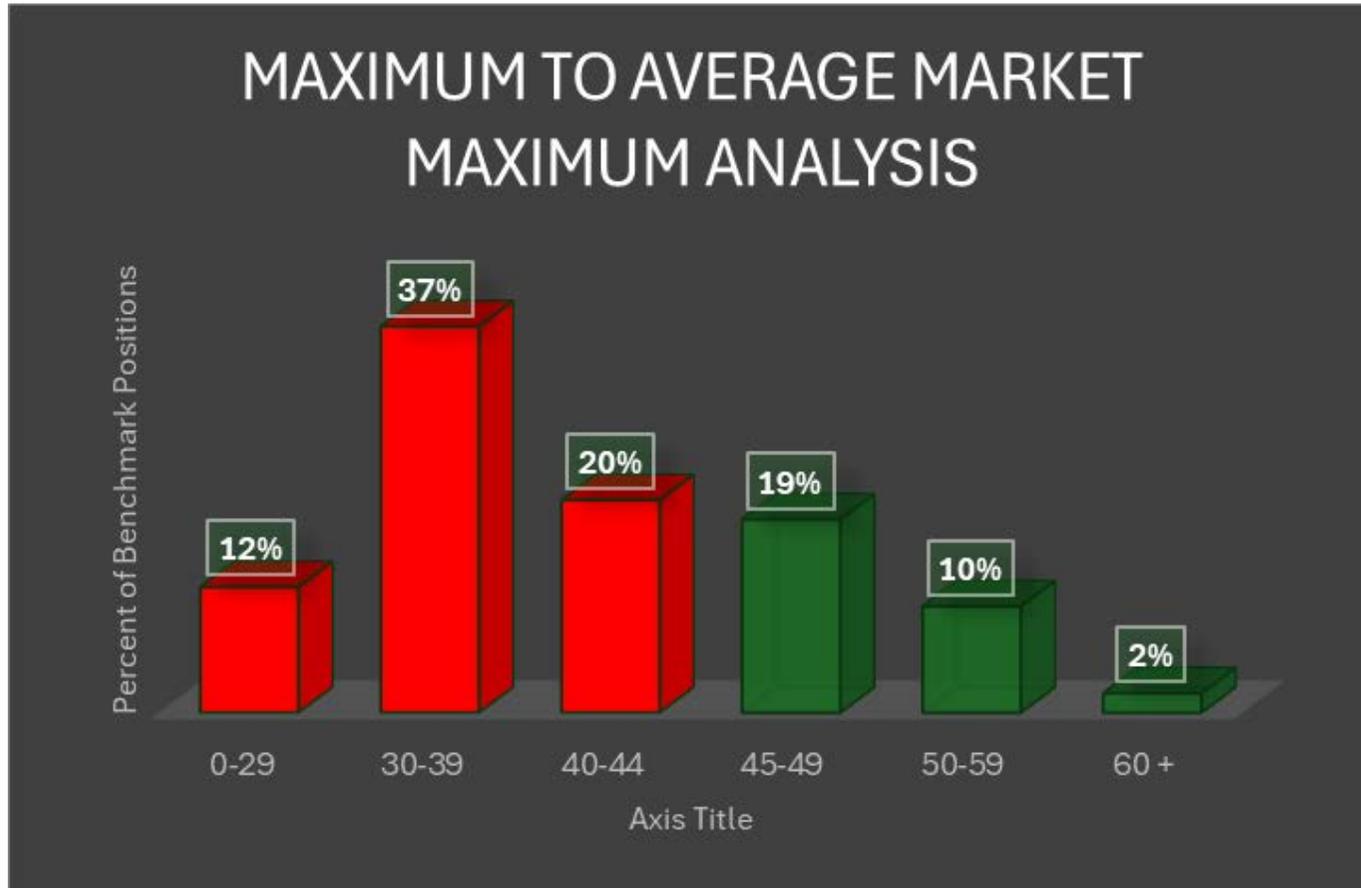
75% under Market

25% aligned with Market

Traditional schedules reach the midpoint 4-7 years

Rounding may not result in 100%

Maximum Salary Analysis

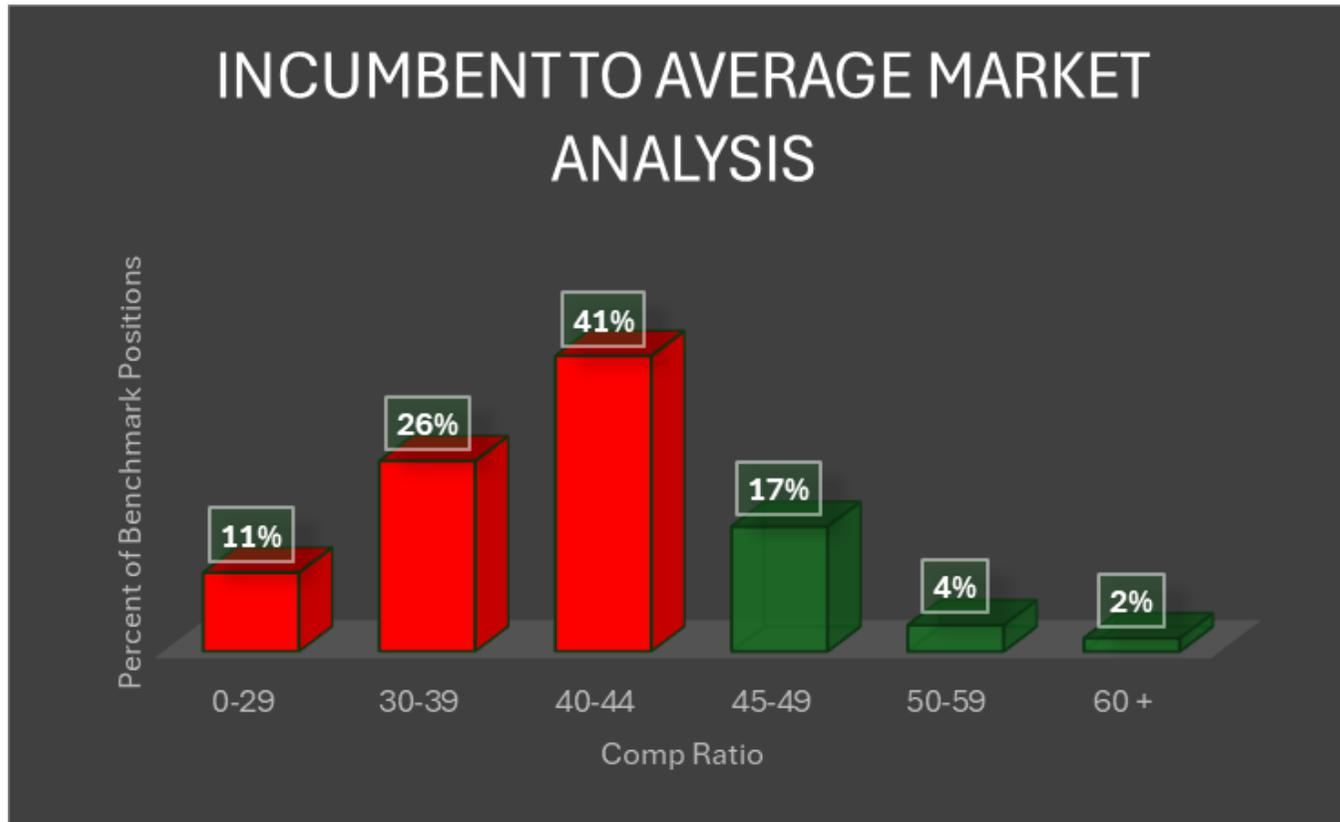


69% of positions do not have the same earning capacity as other organizations

Rounding may not result in 100%

Incumbent Salary Analysis

Is most reflective of current market



79% under Market

23% aligned with Market

Considerations:
Time in position and
performance are typical
factors

Rounding may not result in 100%

Current Salary Systems

11 Different Salary Schedules

- 3 – 16 different pay grades
- 3 – 5 Steps that range from 2% - 15% apart
- No consistent numbering system

- Integrated all schedules into one
 - Considerable overlap of pay grades
 - Compression between positions in different pay ranges
 - Difficult to determine the hierarchy of positions due to different pay ranges
 - No methodology to place positions

- Major issue within the compensation study

Constructing the New Salary Schedule

Compensation Philosophy

An organization's commitment of compensation for its employees. The goal of a compensation philosophy (and practice) is to attract, retain, and motivate qualified people. A consistent philosophy sets the direction for determining the compensation package to offer employees and should align with the overall Mission of the organization.

- ❖ **Lead** the local market for competitive recruitment/retention by setting the ranges over average market. *Can the City afford to lead the market?*
- ❖ **Meet** the local market by aligning the ranges to the average market. *Most organizations strive for average.*
- ❖ **Follow** the local market by not reaching average. *This typically only happens for financial purposes, and fiscal resources will then be allocated to recruitment and turnover.*

Recommended Salary Schedule

Compensation Philosophy set to **market average**

Created one salary schedule for all positions within the City

- Aligned all positions for internal equity
- Aligned all positions to the external market
- Minimized compression within the hierarchy of positions

Step System

- 8 steps for all pay grades
- 3% between each step (reduction in the percentage)
- Step 4 represents the average market rate
- Will not reach the maximum too quickly – stagnate increases
 - Provides ability to hire above step one; retention incentive with more steps

May need to break out schedule by represented groups

- If separated – try to maintain same percentage increase to schedule – minimize compression
- Electric has a very different schedule – may need to keep separate

Position Placement

Utilization of several factors used to place positions:

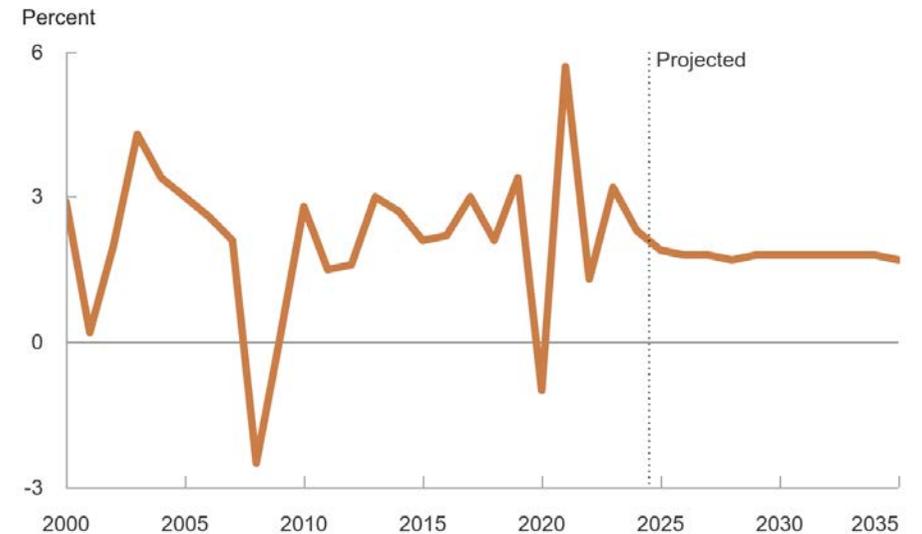


All position placements discussed with the City to provide feedback prior to finalization.

Employee Placement

- **Step Placement**
 - Placed on the Step closest to current pay – WITHOUT a decrease
 - Does not take into account years in the position
 - In-range compression can occur
- **Average Increase – 3%**
 - 28 employees = 0%
 - 179 employees = 1 – 4% increase
 - 35 employees = 5% or greater

Growth of Real GDP



Managing the Structure

- Annual increase to the salary schedule
- Step movement

Other Considerations

- **Compensation Considerations**
 - Incentive pay
 - Fire – added 2 tiers within the pay grade
 - Police – consider a limit on the incentive pay
- **Benefit Considerations**
 - Health insurance
 - Time off benefits
 - Holiday
 - Vacation Sick leave
 - Four-day work week



Questions