



**ACTION ITEM**

April 18, 2018

**TO:** Board of Directors

**FROM:** **Administration & Finance Committee**  
(Directors Thomas, Dick, Finnegan)

Robert J. Hunter, General Manager

**Staff Contacts:** Cathleen Harris, Administrative Services Manager  
**Katie Davanaugh, Senior Executive Assistant**

**SUBJECT: DISTRICT BENCHMARK COMPENSATION AND BENEFITS STUDY**

**STAFF RECOMMENDATION**

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It is recommended that the Board of Directors:

- 1) Approve the proposed pay structure which includes title, classification and FLSA status changes and a 3.62% pay structure adjustment to the salary ranges only, effective July 1, 2018.
- 2) Approve revisions to the District's policy regarding Compensation and Benefits Surveys and Pay Structure Adjustments, as presented.

**COMMITTEE RECOMMENDATION**

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Committee recommends (To be determined at Committee Meeting)

**DETAILED REPORT**

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In accordance with District policy, a comprehensive compensation and benefits survey shall be conducted every three years to evaluate market practices and job grading. The last survey was initiated in fall of 2014 and completed in May 2015.

In November of 2017, the District awarded a contract to Ralph Andersen & Associates to perform the Compensation and Benefits Study for completion in spring 2018. Ralph Andersen & Associates recently completed the District's 2018 benchmark study and will review its findings at the April 11<sup>th</sup> A&F Committee Meeting. The presentation is attached.

<b>Budgeted (Y/N):</b> Y	Budgeted amount: \$40,000	Core <input checked="" type="checkbox"/> X	Choice <input type="checkbox"/>
<b>Action item amount:</b> NA		Line item:	
<b>Fiscal Impact (explain if unbudgeted):</b>			

**Salary Ranges/Reclassifications/Title Changes/Exempt Status:**

The survey results identified that overall, MWDOC’s current ranges, compared to the median market range maximums, are near market. In an effort to maintain internal equity within the pay structure and stay competitive with the labor market, six out of 28 job classifications have been identified for reclassification.

The following outlines the recommended range adjustments:

Proposed* Classification Titles	Current Pay Grade	Current Range Max	Recommended Range	Recommended Range Max
Accountant	8	6,914	9	7,432
WEROC <b>Emergency</b> Coordinator*	8	6,914	9	7,432
Sr. Accountant	10	7,989	11	8,589
Public Affairs Supervisor	11	8,589	12	9,233
Sr. Executive Assistant to Board	12	9,233	13	9,925
Administrative Services Manager	16	12,330	17	13,255

In addition, based on organizational structure, reporting relationships, career progression and industry guidelines, four positions are being recommended for title changes and two positions (Office Specialist and Principal Water Resources Planner) are being removed from the pay structure.

The following outlines the proposed title changes:

Current Classification Title	Recommended Classification Title
WEROC Emergency Programs Coordinator	WEROC <b>Emergency</b> Coordinator
WUE Program Specialist	Sr. WUE Analyst
WUE Program Coordinator	WUE Analyst II
WUE Program Analyst	WUE Analyst I

**FLSA Exemptions**

Consultant reviewed the Districts Exempt and Non-Exempt positions in accordance with the Fair Labor Standards Act and noted that some of the positions are considered to be in a gray area regarding FLSA exemption. They advised that it’s never a problem to err on the conservative side and allocate a position as Non-Exempt even if you can allocate it as an Exempt position. It was noted that all of the District’s existing Exempt positions are classified appropriately, but the following Non-Exempt positions could be allocated Exempt.

- Sr. Accountant
- Public Affairs Specialist
- Network Systems Engineer
- WUE Program Specialist

Based on its review, staff is recommending only the Network Systems Engineer and Sr. Executive Assistant to the Board be changed from Non-Exempt to Exempt status at this time.

### **2018/19 Merit Pool Budget**

A 4% salary merit pool plus 1% for employee share of the PERS contribution is included in the FY 2018/19 Budget. The proposed reclassifications and title changes will be implemented after July 1, 2018 and will not have an additional financial impact on the proposed budget.

Anticipating that the market will move in July 2018, staff is recommending a 3.62% pay structure adjustment to the salary ranges only, which will help to stay consistent with the market to avoid falling behind. The average CPI-U rate for Los Angeles-Long Beach-Anaheim for the period of February 2017 to February 2018 is 3.62%.

### **District Benefits:**

The District's health, retirement and leave benefits were reviewed and the findings determined that the District's benefits are competitive with the labor market, therefore no changes are recommended at this time.

### **District Policy Regarding Frequency of Compensation and Benefits Study**

The District's policy currently states that the District establishes its ranges by considering the mean (average) of the market place. Based on the study findings and ensuring that the District's policy is consistent with industry standards; staff is recommending that a revision to the policy be made stating that the salary ranges will be established based on the median of the marketplace. Using the median places positions at the 50<sup>th</sup> percentile, which is a common target for public agencies, is less susceptible to high/low data, and is a more stable and reliable indicator of the job market.

In addition, the A&F Committee inquired whether a comprehensive salary and benchmark study should be performed every four years instead of three years. Staff is recommending it remain every three years to stay competitive with the market and not fall behind.

Furthermore, staff is recommending the timing of the annual pay structure adjustment survey be changed to November in order to gather data for the annual budget process.

Staff is recommending the following changes to the section of the Personnel Manual regarding Compensation and Benefits Surveys and Pay Structure Adjustments:

The compensation philosophy guiding the District's decisions related to employee compensation and benefits is that of desiring to provide salary ranges and benefit practices that are competitive with market practices. In conducting compensation surveys, the District establishes its salary ranges by considering the median ~~mean (average)~~ of the marketplace. In administering benefits surveys, the District considers prevailing and emerging practices related to the District's labor market. This approach has been adopted in an effort to attract and retain the best available

staff and continue in its commitment to quality service to the District's member agencies.

Human Resources shall conduct a planned pay structure adjustment survey in ~~first calendar quarter~~ November of each year of the direct labor market agencies to determine the percentage adjustment to the Pay Structure ranges for the upcoming fiscal year to go into effect July 1.

A comprehensive compensation and benefits survey shall be conducted every three years to evaluate market practices and job grading. Human Resources may conduct interim market analyses for newly established or modified job classifications between the comprehensive annual reviews.

Staff is recommending the following for consideration:

- 1) Approve the proposed pay structure which includes title, classification and FLSA status changes and; a 3.62% pay structure adjustment effective July 1, 2018.
- 2) Approve revisions to the District's compensation policy regarding Compensation and Benefits Surveys and Pay Structure Adjustments, as presented.

# MWDOC Draft Compensation Survey Findings

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Ralph Andersen &  
Associates

April 11, 2018



# Why Surveys Are Done

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Compensation surveys are a necessary part of assessing and updating an organization's compensation plan.

- Anticipate and understand what labor market is doing
- Data-driven framework for allocating resources to wages and benefits
- Provide defensibility and public accountability employee compensation
- Optimize the District's ability to recruit and retain employees
- Processes such as fact-finding are data-driven

Public and Private employers both use market data to assess compensation; just a difference in accessibility and transparency of data.



# Survey Agencies

Survey agencies are a balance between the selection factors of:

- Nature of services
- Geographic proximity
- Size
- Economic similarity



## CORE Survey Agencies:

Calleguas MWD	Orange County SD
Central Basin BMW	Orange County WD
Eastern MWD	San Diego Co WA
El Toro Water District	Santa Margarita WD
Inland Empire UA	South Coast WD
Irvine Ranch WD	Three Valleys MWD
Laguna Beach CWD	Walnut Valley WD
Las Virgenes MWD	West Basin MWD
Mesa WD	Western Municipal WD
Moulton Niguel WD	Yorba Linda WD

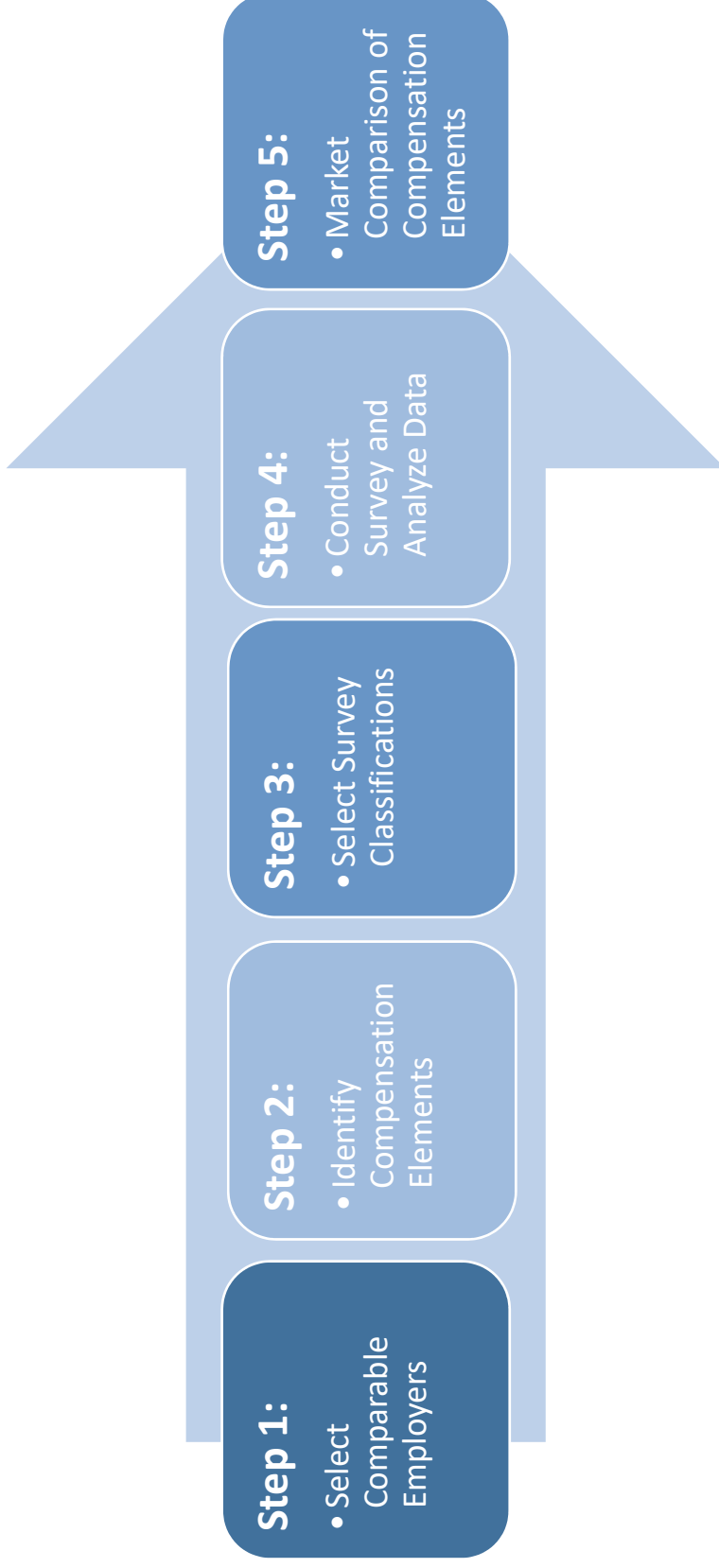
## Supplemental:

Metropolitan Water District  
County of Orange  
Orange County Fire Authority  
City of Anaheim  
City of Los Angeles

City of Brea  
City of Fountain Valley  
City of San Clemente  
City of Tustin



# Survey Process



Compensation survey data was collected by the project consultants and included the collection and analysis of the following:

- Organization charts, budgets, and position control documents
  - Job descriptions
  - Salary schedules
  - Benefits summaries
  - Follow-up information provided by each survey agency
- Survey job matches were determined by the project consultants and went beyond title comparisons.





# Matching Job Classifications

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Matching job classifications relies on a number of source documents beyond comparisons of job descriptions.

- Job matches only occur if a position exists and is allocated in the budget (and staffed). Some agencies may have legacy job descriptions or titles in their salary schedules that are not used.
- Job matches are based on a review of major and essential job duties along with a comparison of qualifications. Significant differences can result in no comparable job being matched. Examples of differences include:
  - Mismatches in qualification requirements such as requiring specific certifications or a four-year degree
  - Different organization structures such as layers of supervisory and management and broader responsibilities
  - Position allocations that demonstrate working versus advanced levels
- **Factors not considered in matching jobs:**
  - Staffing, equipment, facility, and resource differences that don't impact required skills and abilities
  - Job functions performed within a broad classification that is used in many assignments
  - Job classifications performing the same duties but in a different department
  - Employee performance or unique qualifications that are beyond what is required



# Scope of Data Collection

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The compensation survey included the collection and analysis of base salary and benefit data to understand how the District's total compensation compares with labor market practices. Elements included in the survey include:

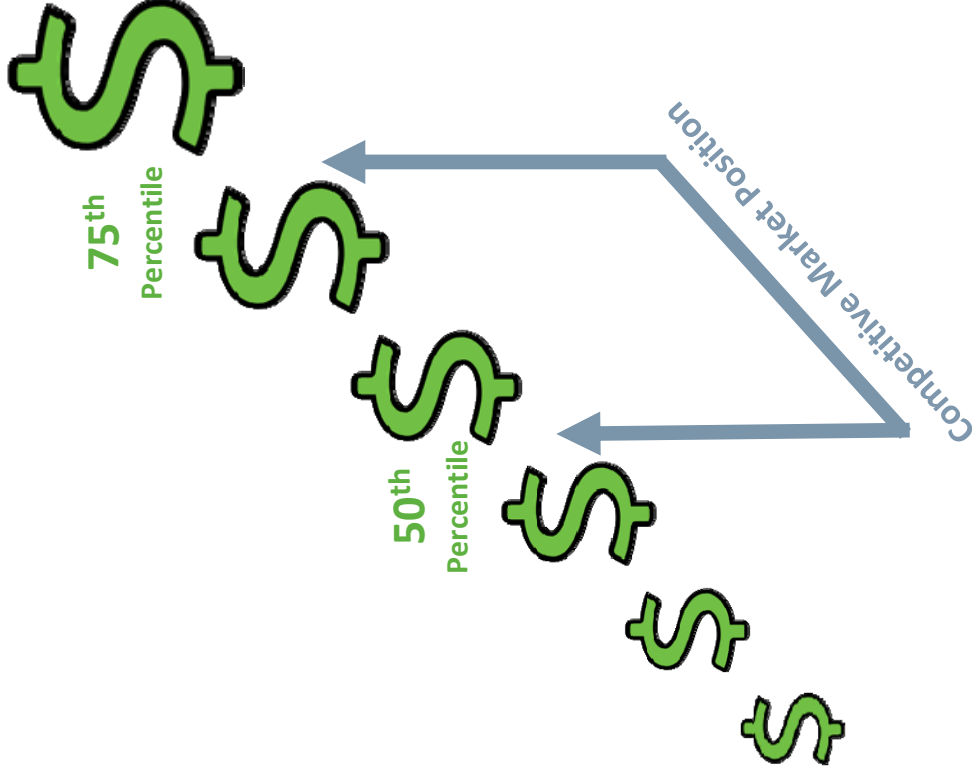
- Base Salary
  - Range maximum (control point of range)
- Cash Benefits
  - Employer Paid Member Contribution (EPMC)
  - Longevity
  - Deferred Compensation
- Insurance benefits
  - Health
  - Dental
  - Vision
- Employer Retirement
  - Normal Cost Employer Contribution
  - Retirement Formula

Employer retirement contributions may not be a relevant benefit comparison since differences in employer contribution rates may have little to do with the retirement benefits received.



# Market Position

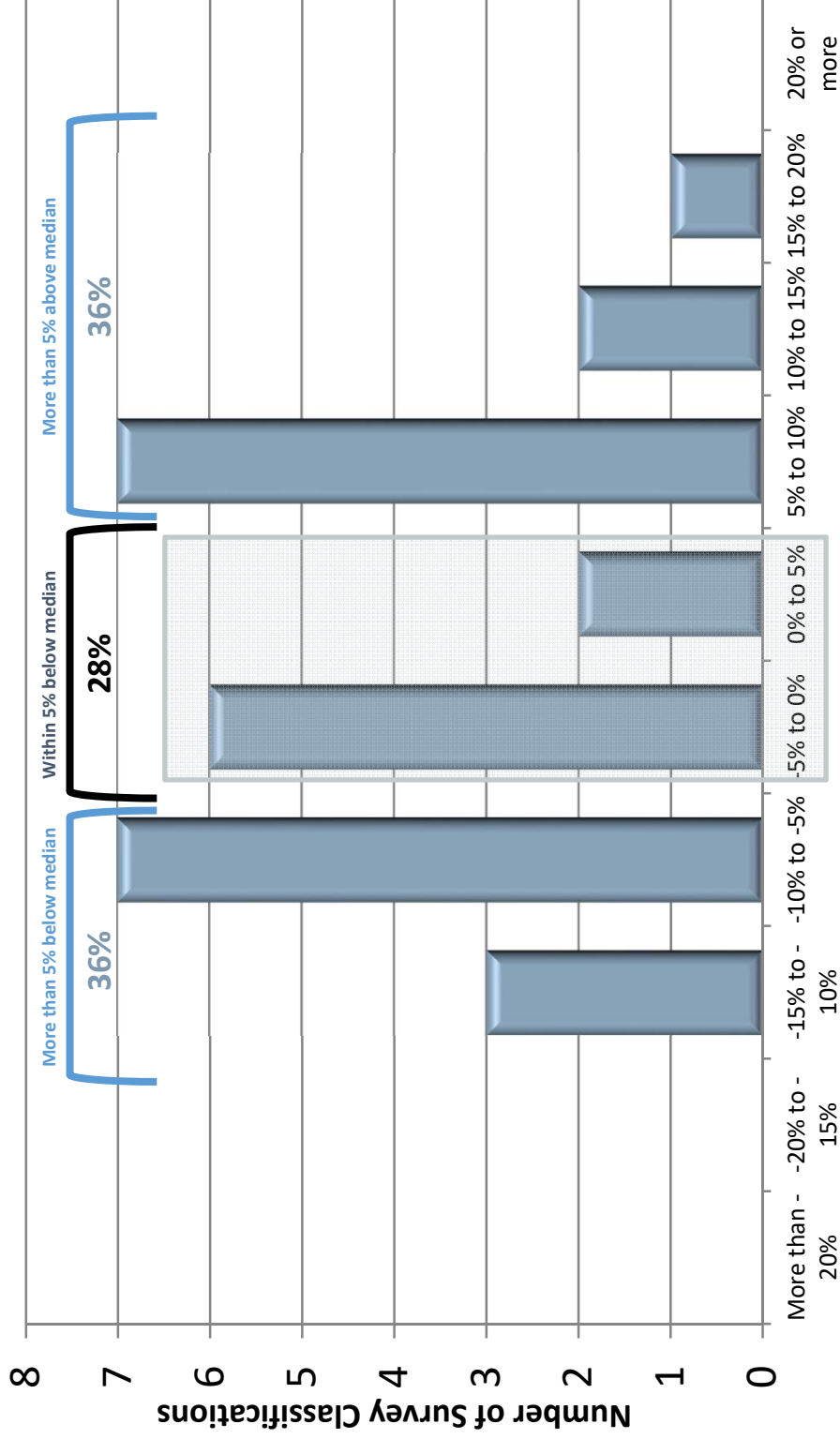
- Establishes competitive position
- Historical practices is an important consideration; change in practice requires explanation
- \$ or % differences between percentiles depends on the array of data; can be very small if data is tightly arrayed
- Recruitment and retention goals





# Market Summary – All Jobs

## At Median on Average



## Base Salary Relationship to Market Median

Strongest trend of the survey jobs should be in shaded region



# Survey Findings

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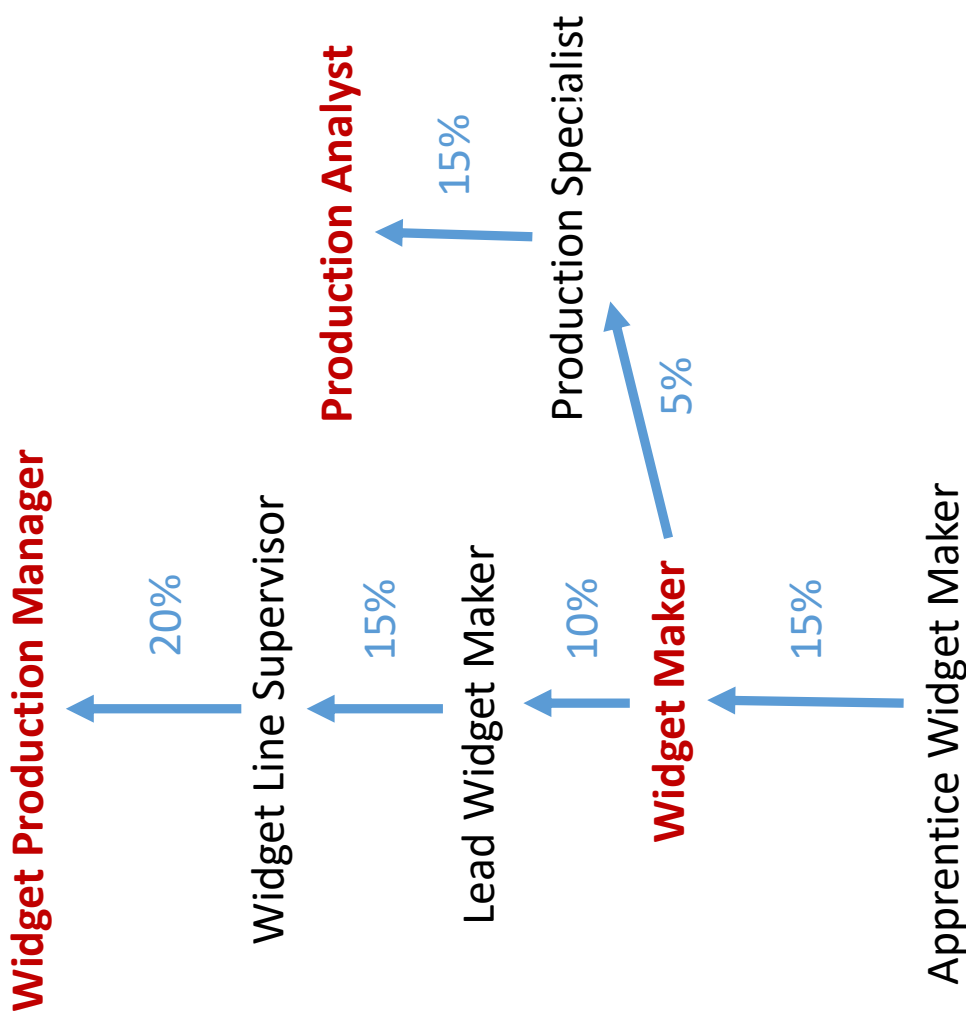
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- While the overall survey results for all employee groups show a strong central trend (bell curve), there are jobs that are more than 5% below and 5% above market.
  - 36% of the survey jobs are more than 5% below the median (50<sup>th</sup> percentile)
  - 36% of the survey jobs are more than 5% above the median
  - 28% of the survey jobs are within 5% of the median
- On average, the District is at the market median and is at the 48<sup>th</sup> percentile
- Our analysis of the District's benefits found the following:
  - Overall the District's benefits are competitive with the labor market with less than a 0.5% variance when all benefits are analyzed
  - 11 agencies provide an employer paid deferred compensation benefit
  - 6 agencies still have Employer Paid Member Contribution (EPMC) for retirement
  - The District's insurance benefits are comparable to the market
  - The District's leave benefits are comparable to the market



# Benchmarking - Example

- Establish market benchmarks
  - Best job matches
  - High number of comparables
  - Best data statistically
- Analyze internal relationship
- Establish % differentials
- Result: salary range adjustments





# Salary Range Recommendations

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- Benchmark positions tied to market median
  - Not all jobs need market ties
  - Tied to control point
- Internal relationships
  - Assessment of differences and similarities in duties, role, responsibilities, qualifications, and resources
    - 5% difference between jobs when minor differences exist
    - 10% between classes in a series where moderate differences exist
    - 15% - 20% minimum over subordinates and between job classes with significant differences
- Adjustments to pay range, not employee salary
- Internal salary alignments for internal equity where important
  - Some market relationships may be ignored due to internal ties and better market benchmarks
- Adjusted to fit the District's salary table



# Classification Review

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Analysis of District positions and job classifications based on:

- Assigned role, duties, and qualifications
- Organization structure, reporting relationships, and career progression
- Industry guidelines for titling and classification structures

Current Classification Title	Recommended Classification Title
WEROC Emergency Programs Coordinator	WEROC Emergency Coordinator
WUE Program Specialist	Sr. WUE Analyst
WUE Program Coordinator	WUE Analyst II
WUE Program Analyst	WUE Analyst I





# Salary Range Adjustments

- Adjustment based on median market data and consideration of internal relationships
- Market median deviation equal to or more than 7.5% below median based on the District's salary range structure
- The following job classifications require placement in a higher salary range:

Proposed* Classification Title	Current Pay Grade	Current Range Max	Recommended Pay Grade	Recommended Range Max
Accountant	8	6,914	9	7,432
WEROC Emergency Coordinator*	8	6,914	9	7,432
Sr. Accountant	10	7,989	11	8,589
Public Affairs Supervisor	11	8,589	12	9,233
Sr. Executive Assistant to Board	12	9,233	13	9,925
Administrative Services Manager	16	12,330	17	13,255



# Recommendations/Next Steps

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- Approve the proposed pay structure which includes title, classification and FLSA status changes and; a 3.62% pay structure adjustment effective July 1, 2018.
- 2) Approve revision to the District's compensation philosophy regarding Compensation and Benefits Surveys and Pay Structure Adjustments, as presented.

**MWDOC PAY STRUCTURE - EFFECTIVE JULY 2018 (3.62% COLA adjustment)**

Pay Grade	Exempt / Non-Exempt	Job Classification		Range Minimum \$	25th Percentile \$	Range Midpoint \$	75th Percentile \$	Range Maximum \$
R1	NE	Office Assistant	annually	34,395	37,386	40,400	43,414	46,428
			monthly	2,866	3,116	3,367	3,618	3,869
			hourly	16.54	17.98	19.42	20.87	22.32
R2		Open	annually	41,251	44,863	48,475	52,087	55,700
			monthly	3,438	3,739	4,040	4,341	4,642
			hourly	19.83	21.57	23.30	25.04	26.78
R3	NE	Database Coordinator	annually	44,357	48,245	52,110	55,999	59,887
			monthly	3,696	4,020	4,343	4,667	4,991
			hourly	21.32	23.19	25.06	26.92	28.80
R4	NE	Accounting Technician	annually	47,693	51,857	56,022	60,209	64,373
			monthly	3,974	4,321	4,668	5,017	5,364
			hourly	22.93	24.93	26.93	28.95	30.95
R5	NE	Administrative Assistant	annually	51,259	55,746	60,232	64,718	69,205
			monthly	4,272	4,645	5,019	5,393	5,767
			hourly	24.64	26.80	28.96	31.12	33.27
R6	NE	Sr. Admin Assistant	annually	55,101	59,933	64,741	69,573	74,381
	NE	Public Affairs Assist	monthly	4,592	4,994	5,395	5,798	6,198
			hourly	26.50	28.82	31.13	33.45	35.76
R7	NE	Records Coordinator	annually	59,243	64,419	69,596	74,795	79,972
			monthly	4,937	5,368	5,800	6,233	6,664
			hourly	28.49	30.97	33.46	35.96	38.44
R8	NE	Public Affairs Coordinator	annually	63,683	69,251	74,818	80,386	85,977
			monthly	5,307	5,771	6,235	6,699	7,165
			hourly	30.62	33.29	35.97	38.65	41.33
R9	NE	WUE Analyst I	annually	68,445	74,450	80,432	86,437	92,418
	NE	Executive Assistant	monthly	5,704	6,204	6,703	7,203	7,702
	NE	Assoc. Water Resources Analyst	hourly	32.90	35.80	38.67	41.56	44.43
	NE	Accountant						
	NE	WEROC Emergency Coordinator						
R10	NE	Public Affairs Specialist	annually	73,599	80,018	86,460	92,902	99,343
	NE	WUE Analyst II	monthly	6,133	6,668	7,205	7,742	8,279
	NE	WEROC Specialist	hourly	35.39	38.47	41.56	44.66	47.76
	NE	Sr. Executive Assistant						
R11	E	Water Resources Analyst	annually	79,120	86,023	92,948	99,873	106,798
	NE	Sr. Accountant	monthly	6,593	7,169	7,746	8,323	8,900
			hourly	38.04	41.35	44.69	48.02	51.34
R12	E	Fin. Analyst/Database Analyst	annually	85,033	92,487	99,919	107,373	114,804
	E	Network Systems Engineer	monthly	7,086	7,707	8,327	8,948	9,567
	NE	Sr. WUE Analyst	hourly	40.88	44.47	48.04	51.62	55.20
	E	Public Affairs Supervisor						

R13	E	Accounting Supervisor	annually	91,429	99,412	107,419	115,425	123,409
	E	Public Affairs Manager	monthly	7,619	8,284	8,952	9,619	10,284
	E	Sr. Water Resources Analyst	hourly	43.96	47.79	51.64	55.49	59.33
	E	Sr. Exec. Assist to the Board						
R14	E	WUE Program Supervisor	annually	98,285	106,867	115,471	124,076	132,680
	E	WEROC Programs Manager	monthly	8,190	8,906	9,623	10,340	11,057
	E	Sr. Financial Analyst/Database Analyst	hourly	47.25	51.37	55.52	59.65	63.79
R15	E	Sr. Engineer	annually	105,647	114,896	124,145	133,371	142,619
	E	Accounting Manager	monthly	8,804	9,575	10,345	11,114	11,885
	E	Governmental Affairs Mgr	hourly	50.79	55.24	59.69	64.12	68.57
R16	E	Principal Water Resources Analyst	annually	113,562	123,501	133,440	143,379	153,317
	E	WUE Program Manager	monthly	9,463	10,292	11,120	11,948	12,776
			hourly	54.60	59.37	64.15	68.93	73.72
R17	E	Principal Engineer	annually	122,097	132,772	143,448	154,146	164,821
	E	Administrative Services Manager	monthly	10,175	11,064	11,954	12,845	13,735
			hourly	58.70	63.83	68.97	74.11	79.24
R18	E	Director of Public Affairs	annually	131,254	142,734	154,215	165,695	177,176
	E	Director of Water Use Efficiency	monthly	10,938	11,895	12,851	13,808	14,765
			hourly	63.10	68.62	74.14	79.66	85.18
R19	E	Director of Finance/IS	annually	141,101	153,433	165,787	178,119	190,474
	E	Associate General Manager	monthly	11,758	12,786	13,816	14,843	15,873
			hourly	67.84	73.77	79.70	85.63	91.57
R20	E	Open	annually	151,661	164,936	178,211	191,486	204,761
			monthly	12,638	13,745	14,851	15,957	17,063
			hourly	72.92	79.30	85.68	92.06	98.44
R21	E	Assistant General Manager	annually	159,644	175,611	191,578	207,545	223,511
			monthly	13,304	14,634	15,965	17,295	18,626
			hourly	76.75	84.43	92.11	99.79	107.45
GM	E	General Manager (eff. 9/9/17)	annually	260,614				260,614
<b>MWDOC INTERN PAY STRUCTURE</b>								
INT	NE	Student Intern	hourly	14.28	16.05	17.81	19.58	21.35

Annual and Monthly amounts are based on a 40-hour work week.

If you have questions on the pay structure or classifications,

please contact Human Resources at 714.963.3058