

Requested: Deputy Administrator
Meeting Date: June 26, 2006
Adopted: June 26, 2006
Vote: Cox, Ewing, Menard, Metiva, O'Neil in favor; Straub absent

**CITY OF WASILLA
RESOLUTION SERIAL NO. 06-37**

A RESOLUTION OF THE WASILLA CITY COUNCIL ADOPTING THE FY-07 SALARY STRUCTURE AND PAY RANGES IN ACCORDANCE WITH WMC 3.55.040 AND REPEALING RESOLUTION SERIAL NO. 05-28.

WHEREAS, in 1999, the Wasilla City Council authorized administration to engage on-going professional human resources management consulting services for the City of Wasilla (the "City") and to make proposals for the same in the annual budget; and

WHEREAS, in 1999, the Wasilla City Council adopted as policy the use of annual movement in the cost of labor in Alaska to adjust the City's salary structure in future years; and

WHEREAS, the MBL Group recently conducted a market comparison of the City's positions to Alaska market data and has recommended a 2.45 percent salary range movement for FY 07; and

WHEREAS, the purpose of the market comparison was to determine where the City's positions stood relative to current market pay.

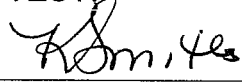
NOW THEREFORE BE IT RESOLVED, by the Wasilla City Council, that Resolution Serial No. 05-28 is hereby repealed; and

BE IT FURTHER RESOLVED that the Wasilla City Council adopts the FY-07 Salary Structure and Pay Ranges, attached as Exhibit A, effective July 1, 2006 through June 30, 2007.

ADOPTED by the Wasilla City Council on June 26, 2006.


DIANNE M. KELLER, Mayor

ATTEST:



KRISTIE L. SMITHERS, MMC
City Clerk

[SEAL]

City of Wasilla
 * FY07 Salary Grades and Ranges *

Pay Grade #	Job Title	FLSA	Min	25th Percentile	Midpoint	75th Percentile	Max	Range Spread	MP Steps
1	<i>vacant</i>	N-Ex	\$15,854	\$16,845	\$17,836	\$18,826	\$19,817	25%	24%
2	Library Intern MUSC Cashier MUSC Concession Attendant I	N-Ex N-Ex N-Ex	\$19,173	\$20,611	\$22,049	\$23,487	\$24,925	30%	25%
3	Water Dist/Wastewater Coll Laborer	N-Ex	\$23,966	\$25,763	\$27,561	\$29,358	\$31,155	30%	13%
4	Finance Clerk I - Cashier Library Aide MUSC Concession Attendant II Museum Aide Public Works Clerical Asst.	N-Ex N-Ex N-Ex N-Ex N-Ex	\$26,414	\$28,725	\$31,036	\$33,347	\$35,659	35%	10%
5	MUSC Building Support Worker Secretary II	N-Ex N-Ex	\$28,478	\$31,326	\$34,174	\$37,022	\$39,870	40%	8%
6	Administrative Assistant-Police Finance Clerk II Parks & Prop Tech I: Grounds Maint. Parks & Properties Tech I: Beautification Public Works Accounting Clerk II	N-Ex N-Ex N-Ex N-Ex N-Ex	\$30,012	\$33,389	\$36,765	\$40,142	\$43,518	45%	10%
7	Emergency Dispatcher in Training Finance Clerk III Interlibrary Loan Coordinator Museum Registrar Planning Clerk Public Works Clerk Recreation Coordinator	N-Ex N-Ex N-Ex N-Ex N-Ex N-Ex N-Ex	\$32,410	\$36,461	\$40,513	\$44,564	\$48,615	50%	10%
8	Emergency Dispatcher Exec Asst to the Mayor Parks & Properties Tech I: Facilities Maint Probation Officer Roads/Airports Tech I Water Dist/Wastewater Coll Tech I Water/Wastewater Treatment Tech I Staff Accountant	N-Ex N-Ex N-Ex N-Ex N-Ex N-Ex N-Ex	\$35,105	\$39,932	\$44,759	\$49,586	\$54,413	55%	10%
9	Adult & Electronic Service Librarian Children's Librarian Deputy City Clerk HR Generalist MUSC Building Supervisor MUSC Maintenance Specialist Parks & Prop Tech II Police Officer I Public Safety Dispatch Supervisor Roads/Airports Tech II Water Dist/Wastewater Coll Tech II Water/Wastewater Treatment Tech II	N-Ex N-Ex N-Ex N-Ex N-Ex N-Ex N-Ex N-Ex N-Ex N-Ex N-Ex N-Ex	\$37,822	\$43,495	\$49,169	\$54,842	\$60,515	60%	15%

City of Wasilla
 * FY07 Salary Grades and Ranges *

Pay Grade #	Job Title	FLSA	Min	25th Percentile	Midpoint	75th Percentile	Max	Range Spread	MP Steps
10	Code Compliance Officer	N-Ex	\$42,851	\$49,814	\$56,778	\$63,741	\$70,704	65%	15%
	Library Director	Ex							
	Police Officer II	N-Ex							
11	City Engineer	Ex	\$48,324	\$56,781	\$65,238	\$73,694	\$82,151	70%	11%
	City Planner	Ex							
	Economic Planner	Ex							
	Maintenance Supervisor	N-Ex							
	Purchasing/Contracting Officer	Ex							
	Records & Communication Mgr	Ex							
	Water/Wastewater Supv	N-Ex							
12	Cultural & Recreation Services Manager	Ex	\$53,490	\$62,850	\$72,211	\$81,571	\$90,932	70%	9%
	Deputy Director of Public Works	Ex							
	Deputy Dir of Finance	Ex							
	Police Investigator	N-Ex							
	Police Sergeant	N-Ex							
13	City Clerk	Ex	\$58,864	\$69,166	\$78,839	\$89,768	\$100,069	70%	10%
	Police Lieutenant	N-Ex							
14	Deputy Chief of Police	Ex	\$64,239	\$75,481	\$86,723	\$97,965	\$109,207	70%	10%
	Director of Finance & Adm. Services	Ex							
	Director of Public Works	Ex							
	Deputy Administrator	Ex							
15	Chief of Police	Ex	\$70,663	\$83,029	\$95,395	\$107,761	\$120,127	70%	-



**CITY OF WASILLA
LEGISLATION STAFF REPORT**

RE: Resolution 06-37

Agenda of:
Originator:

Date: June 19, 2006

Route to:	Department	Signature/Date
X	Deputy Administrator Planning, Economic Development, Human Resources	<i>S. Harley</i>
X	City Clerk	<i>ASmith</i>

REVIEWED BY MAYOR DIANNE M. KELLER:

Dianne M. Keller

FISCAL IMPACT: yes\$ or no

Funds Available yes no

Account name/number:

Attachments: FY 07 Salary Grades and Ranges, FY 07 Merit Matrix and MBL's recommendation of salary structure adjustment.

SUMMARY STATEMENT:

Per WMC 3.55.040, the mayor shall develop and present to the City Council for approval, an equitable salary structure for classified and confidential/managerial positions. The City Council shall adopt the salary structure, listing each pay range assigned to each grade included in the salary structure by resolution.

MBL Group has done an assessment of the structure and the market (see attachment). Based on the FY 06 and projected FY 07 trends, MBL is recommending a salary range movement of 2.45% based on the salary structure/salary range movement projected for the Government/Education sector.

Based on an MBL's assessment of the City's compensation grades and ranges, MBL is recommending adding one more grade to the City's existing 14 grade structure. The propose grade addition would be used to alleviate compression problems with the city's existing 14 pay grade structure. The compression problem is becoming a problem with all departments but is most pronounced in the Police Department. For example, the Lieutenant and Sergeant are both in the pay grade 12 and the Deputy Chief is in a pay grade 13. By adding a grade 15, the Lieutenant would be placed in a pay grade 13, the Deputy Chief in a pay grade 14 and the Police Chief would be placed in pay grade 15.

The new grade structure would also adjust the midpoints of grades 13 and 14 (10% between midpoints; 70% pay grade spread) in order to align positions more appropriately to market and to internal equity.

The merit increase for each employee is based on their Summary Performance Rating and Position in Salary Grade

	Meets 3.0-3.99	Exceptional 4.8+	Exceeds 4.0-4.79	Needs Improvement 2.0-2.99	Does Not Meet 1.0-1.99
1st Quartile 35.2% (minimum to Q2)	3.25% to 4.25%	4.25% to 5.50%	3.75% to 4.50%	1.50% to 2.25%	0.00%
2nd Quartile 37.0% (Q2 to midpoint)	3.00% to 4.00%	4.00% to 5.00%	3.50% to 4.25%	0.75% to 1.50%	0.00%
3rd Quartile 19.4% (midpoint to Q3)	2.75% to 3.75%	3.50% to 4.50%	3.25% to 4.00%	0.00%	0.00%
4th Quartile 8.3% (Q3 to maximum) 100%	2.50% to 3.50%	3.25% to 4.00%	3.00% to 3.75%	0.00%	0.00%

Actual FY06 Quartile Distribution

Cost as Percent of Current Annualized Payroll: 3.5%



June 22, 2006

Mayor Dianne Keller
Ms. Sandra Garley, Deputy Administrator
City of Wasilla
290 East Herning Avenue
Wasilla, Alaska 99654-7091

RECEIVED
JUN 23 2006
CLERK'S OFFICE
CITY OF WASILLA

Greetings Mayor Keller & Sandra:

Thank you again for the opportunity to continue to support the City of Wasilla. As we prepare for the 2007 Fiscal year, once again it is my pleasure to be able to prepare the following assessment and review of the compensation work done this past year. This memorandum will serve as an outline of the process to date and recommendation for the future.

FY07 Compensation Assessment

As has been the case for several years, the FY06 compensation assessment continues to highlight compression problems within the City's existing 14 pay grade structure. Compression is occurring when a staff position's market assessment values the position at the next level in the job family or at the level of the immediate supervisor. This is particularly apparent in Public Safety and with the Department Directors. The Lieutenant, Sergeant and Investigator have all compressed and are currently in a pay grade 12. Department Directors are all in pay grade 14 with the new Deputy Administrator.

MBL is recommending the City restructure its existing 14 grade structure and add one new grade to alleviate this compression issue. This proposed structure follows the format of the existing pay grades (10% between midpoints; 70% pay grade spread) and aligns positions more appropriately to market and to internal equity. Attached for your review are the proposed FY07 Salary Grades & Ranges highlighting these recommendations.

FY06/7 Salary Trends

Attached are the results of our research on projected salary budgets and salary range movement for FY07 and a historical look back at the City's salary structure movement since FY03. The data is presented for both all industry and government sectors at both the regional and national level. In addition, I've included the Milliman Alaska Cross-Industry data projections, as they are the most relevant to the City.

You'll see from the data that the trends have not changed significantly from those of FY06. All industry merit budgets (actual salary increases excluding executives) are averaging 3.5% both regionally and nationally. For the same geographic regions, all industry salary range movement is averaging between 2.65%. These trends are up slightly from 2005. Government/Education merit budgets are holding steady at an average of 3.4%; salary range movement averages 2.45%.

The most relevant data point continues to be the Milliman Alaska Cross-Industry survey. "All Industry" sector in the State of Alaska is averaging 3.35% for merit and 2.45% for range movement. The Government / Education sector lags behind slightly at 3.0% and 2.3% respectively.

As an additional data point for you to consider, Milliman also reports the average benefit costs as a percent of payroll. Those statistics are particularly important to note as it relates to the City's overall total compensation costs. The Milliman Alaska data increased slightly from 2005 in the "All Industries" sector with a significant increase in the Government / Education sector. Those results are:

Benefits as a Percentage of Pay	All Industry	Government / Education	City of Wasilla
Total Benefit Costs	41.1%	46.5%	49.1%
Benefits excluding paid time off	35.1%	39%	37.6%
Health & Welfare only	<i>Not reported</i>	<i>Not reported</i>	15.6%

The City is currently preparing the calendar year 2005 Total Compensation Statements for City staff. The results above report staff assignments into new pay grades based on the new FY06 pay grades. The only pending item to be calculated is the retroactive pay due to eight staff members whose pay grade increased as a result of the study. Those retroactive calculations are currently being finalized and when they are, MBL can recalculate the benefits costs as a percentage of payroll. It is our belief however, that the benefit cost percentages will not materially change the overall findings reported above.

In summary, again this fiscal year, it is important for the City to make wise budget decisions concerning its total compensation costs. Given that:

- The Total Compensation analysis continues to show that the City of Wasilla leads the market in terms of total benefits as a percent of payroll
- Compression within the pay grades will continue to remain an issue unless a new pay grade is added
- Attention should be given to experienced, fully competent staff that are positioned below the midpoint of their pay grades.

If the City is in the financial position to be able to adjust salary ranges and provide for merit increases in FY07, I would recommend the City follow the Milliman Alaska Cross-Industry data projections for All Industry for their FY07 merit budget and for salary range movement. This recommendation is consistent with Wasilla's compensation philosophy and is supportive of the above outlined bullet points.

It is my hope this analysis is beneficial to the City of Wasilla in maintaining its compensation system. Please feel free to contact me with any questions you may have. I look forward to being able to continuing to offer you compensation support in FY07!

Respectfully,

A handwritten signature in black ink that reads "Dianne Burt-Green". The signature is written in a cursive, flowing style.

Dianne Burt-Green, SPHR
Principal

FY07 Projected Salaries and Structure Adjustment Trends

Actual Salaries

	Executive	Exempt	Non-Exempt
All Industry / National	3.6%	3.5%	3.5%
All Industry Western Region	3.8%	3.6%	3.5%
Government / National	3.4%	3.3%	3.1%
Government / Western Region	3.5%	3.6%	3.6%
Milliman Alaska Cross-Industry			
All Industry	-	3.4%	3.3%
Government / Education	-	2.2%	2.2%

Salary Structure / Salary Ranges

	Executive	Exempt	Non-Exempt
All Industry / National	2.6%	2.7%	2.6%
All Industry Western Region	2.7%	2.7%	2.6%
Government / National	2.4%	2.4%	2.4%
Government / Western Region	2.6%	2.5%	2.5%
Milliman Alaska Cross Industry			
All Industry	-	2.5%	2.4%
Government / Education	-	2.3%	2.3%

All data provided is a compilation from the following sources: Milliman USA; Mercer; WorldatWork (formerly ACA), The Conference Board, IOMA, CEA/EAG, Hewitt, and ORC Worldwide.

The chart below outlines the City of Wasilla's historical practice of salary structure movement:

Fiscal Year	COW Structure Movement	Milliman All Industry – Blended NEX / EX	Milliman Govt / Education – Blended NEX / EX
FY07	<i>Proposed 2.45%</i>	2.45%	2.3%
FY06	2.4%	2.7%	2.4%
FY05	1.5%	2.6%	2.4%
FY04	2.0%	2.05%	1.5%
FY03	2.0%	2.25%	2.3%