



Legislation Text

File #: 18-836, **Version:** 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Approve recommended adjustment to pay ranges.

DEPARTMENT: Human Resources

SUBMITTED BY: Jim Sheehan, Director of Human Resources

BOARD/COMMISSION REVIEW:

None

BACKGROUND:

The City maintains position classifications and pay ranges for non-union employees. The pay ranges are established based on the ranges for other position classes, requisite qualifications and general rates of pay for comparable work in other public and private employment in the area. The City's structure for pay ranges includes a minimum, midpoint and maximum salary. An adjustment to the pay range would move each of those categories by the designated amount of the increase and provide greater flexibility within the pay ranges.

Pursuant to Section 1-7-7 of the Naperville Municipal Code, the City Council is authorized to adjust pay ranges.

DISCUSSION:

The issue of employee actual pay is separate from pay range movement. Range movement is a function of market conditions while employee pay is a function of individual performance. Pay ranges exist to allow differentiation in employee pay based on performance and experience.

Staff compensation and the salary review process includes participation in annual salary surveys from a number of sources including: local communities, World at Work, and Salary.com/CompAnalyst. We use each of the surveys throughout the year, but rely heavily on CompAnalyst to obtain timely competitive salary and salary range data to supplement our analysis and remain market competitive. Based on a review of the surveys, pay ranges were on average adjusted 3% in 2018 and are expected to be adjusted an additional 3% in 2019 (for a two-year total of 6%).

The City's non-union pay ranges were adjusted by 2.5% in 2017, but there were no adjustments in 2018. Naperville's non-union pay ranges lag behind our fellow union employees and comparable community ranges. Staff recommends the City Council move the pay ranges by 4%. This movement will assist the City's recruitment efforts and bring our pay ranges closer to the overall market.

FISCAL IMPACT:

Non-union employees will receive merit-based salary adjustments in January 2019. The fiscal impact in 2019 and 2020 is driven by (i) employees who are at the bottom of their current range and will receive an increase to bring their salary to the minimum of their range and (ii) employees who are currently at the top of their pay range and receive a lump sum payment in lieu of an increase to their base salary.

If the four percent pay range adjustment is approved, four employees will receive wage adjustments totaling \$1,821 to bring them to the minimum of their range. If no changes to the ranges are made, one-time payments to employees at the top of their ranges are estimated at \$112,500 and \$182,000 in 2019 and 2020, respectively. If the ranges are moved four percent as recommended, there would be no lump sum payments in 2019 with these payments being part of the salary and an estimated \$58,000 in lump sum payments in 2020 (assuming no range movement in 2020).