

Memorandum



CITY OF DALLAS

DATE July 27, 2012

TO The Honorable Mayor and Members of the City Council

SUBJECT Total Compensation: A Review of Employee Pay & Benefits
August 1, 2012 Council Briefing

In 2010, the City Council requested a total compensation study be completed. This study was funded in the FY11-12 budget and in September, 2011 the City engaged Milliman to perform the analysis.

Attached is a briefing on the results of the study - Total Compensation: A Review of Employee Pay & Benefits. On Wednesday, August 1, 2012, the Council will be briefed on these materials.

Please let me know if you have questions or need additional information.

A handwritten signature in black ink, appearing to read 'Mary K. Suhm'.

Mary K. Suhm
City Manager

Attachment

c: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Thomas P. Perkins, Jr., City Attorney
Rosa Rios, City Secretary
Craig Kinton, City Auditor
Judge C. Victor Lander, Administrative Judge
A.C. Gonzalez, First Assistant City Manager
Ryan S. Evans, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Jack Ireland, Director, Financial Services
Edward Scott, Director, Controller's Office
Stephanie Cooper, Assistant to the City Manager – Mayor and Council Office

City of Dallas

Total Compensation: A Review of Employee Pay & Benefits

City Council

August 1, 2012



Presentation Overview

- ❑ What is “Total Compensation”?
- ❑ Why is “Total Compensation” important?
- ❑ What is required by law?
- ❑ City of Dallas Pay & Benefits
- ❑ How does the City compare to other employers?
- ❑ Recommendations & Summary

What is “Total Compensation”?

- Total compensation, pay and benefits, is comprised of two basic elements:
 - Pay elements
 - Salary, overtime
 - “Special Pay” Items
 - Shift differentials, Certification Pay, Education, Language Skills, Longevity Pay, Assignment Pay
 - Benefit elements
 - Comprehensive Healthcare Program
 - Insurance Offerings
 - Workers’ Compensation
 - Deferred Compensation
 - Paid Leave
 - Pension

Competing Against Other Employers

- The City competes for employees in the labor market
 - Total compensation must be able to be measured/compared
 - Benefit levels vary by type of organizations
 - Public vs. private
 - Different industries
 - Challenges
 - Spend tax dollars prudently
 - Be an employer of choice (recruitment)
 - Maintain a quality workforce (retention)

Importance of “Total Compensation”

- To attract and retain qualified employees, pay and employer-sponsored benefits must be:
 - Perceived by prospective and current employees as valuable
 - Commensurate with the value of the work performed
 - Focused on “Total Compensation” rather than individual elements
 - Compliant with various laws and mandates

Importance of “Total Compensation” (cont’d)

- If the City cannot compete in the labor market, not only is hiring impacted but the City’s operations are also negatively impacted. For example:
 - If we do not compensate mechanics commensurate with the market, we can hire people with fewer skills and train them but once they are trained, they leave for better pay and benefits
 - If we do not have enough trained mechanics, we cannot fix garbage trucks, squad cars, and other equipment in a timely manner
 - Not being able to fix equipment quickly results in operational employees not having the tools they need to complete their work so the work doesn’t get done on time and employees are not as efficient as they need to be

What is Required?

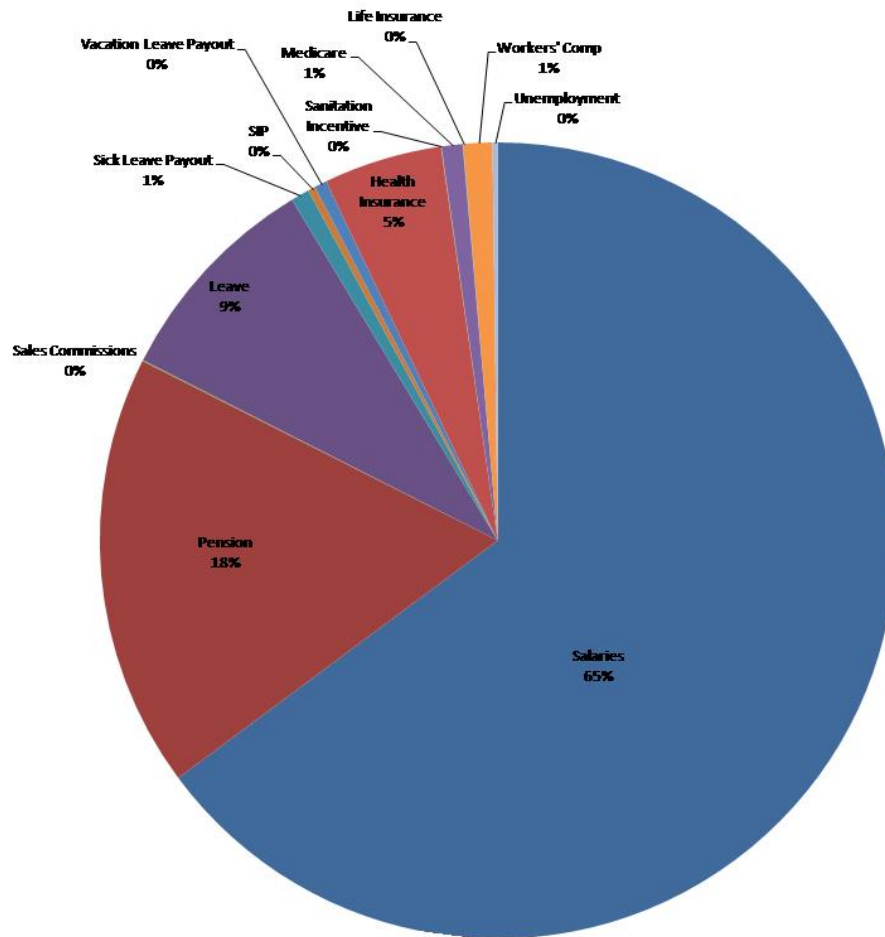
- ❑ Compliance with Federal and State laws related to wages, special pay, hours/overtime, protected leave, unemployment, discrimination and workers compensation, etc.
- ❑ City rules and policies governing employment included in the City Charter and Personnel Rules

For more information on City requirements, see pages 77 and 78 in the appendix

CITY OF DALLAS - COMPENSATION

Overview - Cost of Major Pay & Benefits Elements CY 2011

2011 Cost of Major Pay & Benefits Elements: \$917,788,925



Pay Elements

Compensation Overview

- The City has five Salary Schedules
 - Civilian
 - \$42,644 Average Salary
 - Legal
 - \$72,124 Average Salary
 - Auditor
 - \$89,923 Average Salary
 - Police
 - \$64,752 Average Salary
 - Fire
 - \$65,0645 Average Salary

Civilian Pay

Information on Civilian Employee Pay

- Civilian jobs are placed in Grades
 - The City has 20 civilian job grades:
 - Grade A (lowest) to Grade T (highest)
 - Jobs in the same grade have similar levels of complexity and scope of influence
 - Job grades have a pay minimum, midpoint, and maximum which reflect the complexity of the position
 - When comparing the City's pay to other employers, the midpoint of the range is compared to the middle of the market

Civilian Pay Categories

- Category 1: Entry to mid-level position (Grades A-E)
 - Typical positions: Laborer, Office Assistant, 911/311 Call Taker, Customer Service Representative, Code Enforcement Inspector, Water Meter Reader, Animal Control Officer, Painter, Computer Operator, Truck Driver.
 - Over **52% of civilian employees** are in this category

 - Category 2: Professional/Supervisory—(Grades F-K)
 - Typical positions: Accountant, Supervisor I & II, Inspector II, Executive Assistant, Electronic Technician, Master Electrician, Engineer, Librarian, Sanitarian
 - **40% of civilian employees** are in this category

 - Category 3: Sr. Professional/Manager—(Grades L-P)
 - Typical positions: Assistant Director; Sr. Engineer, Sr. Architect, Manager III, IT Manager
 - Approximately **6% of civilian employees** are in this category

 - Category 4: Executive Management—(Grades Q and above)
 - Typical positions: Director, Chief Financial Officer, Chief Information Officer, Assistant City Manager
 - Less than **1% of civilian employees** are in this category
-

Special Pay Items

Civilian Employees

- ❑ In addition to base pay, some civilian employees receive 'special pay' for skills or assignments*
- ❑ Special pay for civilian employees averages \$653 annually per employee

** List of civilian special pay items can be found in the appendix on page 79*

Uniform Pay

Uniformed Employee Pay

- Uniformed employees are on a “Step System”
- Each Uniformed Rank is in a pay grade which includes a series of “Steps”
 - Each step represents a 5% increase in base pay
- Special Pay – Uniformed Officers
 - FY11-12 Budgeted cost for Police Special Pay is \$25,574,618
 - Special pay for DPD Officers averages \$7,282 annually per employee
 - FY10-11 Budgeted cost for Fire Special Pay is \$10,724,262
 - Special pay for DFR Officers averages \$5,665 annually per employee

** List of uniformed special pay items can be found starting on page 80 in the appendix*

Benefits

Benefits - Healthcare

What is “healthcare”?

- Health Insurance Medical Plans
- City Hall Clinic
- Tax Exempt Spending Accounts
- Employee Wellness Program
- Employee Assistance Program

City of Dallas Healthcare

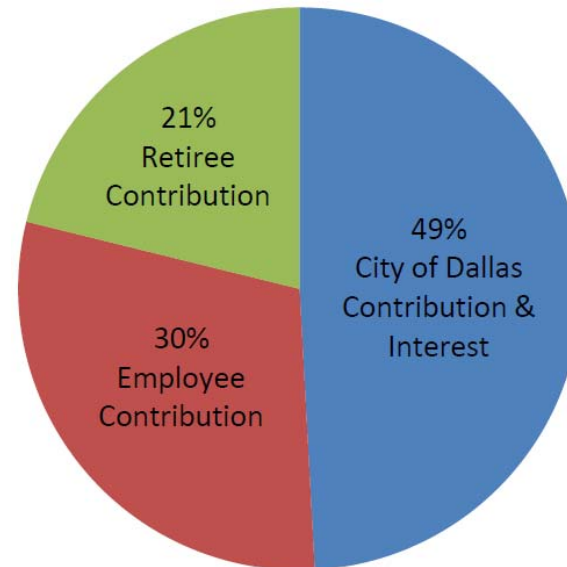
- Two plan options
 - Health Reimbursement Account (HRA)
 - Preferred Provider Organization (PPO)
- Offered to full-time and permanent part-time employees, councilmembers, retirees and qualified dependents
- Self-insured and administered by UnitedHealthcare
- 20,750 lives covered as outlined below:

Status	Plan	Lives Covered
Active	HRA	13,319
Active	PPO	4,422
Terminated	COBRA	39
Retiree	HRA	1,715
Retiree	PPO	1,106
Retiree	Over 65 HRA	47
Retiree	Over 65 PPO	102

Annual Health Care Contributions

Revenues (Millions)	FY 2010-2011
City of Dallas Contributions & Interest	\$54.315
Employees Contributions	\$32.833
Retirees Contributions	\$23.385
Total Revenues	\$110.532

FY 2010/11 Health Care Revenues



Benefits - Insurance Offerings

City of Dallas Insurance Offerings

- City Paid Insurance
 - Life Insurance - \$50,000 basic life insurance for all full-time employees
- Employee Paid Insurance (Voluntary Benefits)
 - Supplemental life insurance for employees and their dependents
 - Vision
 - Dental
 - Cancer
 - Accident
 - Short-Term Disability
 - Critical Illness
 - Hospital Confinement Indemnity
 - Universal Life Insurance

Benefits

Workers' Compensation

Workers' Compensation

- Workers' Compensation is required by State law to provide benefits to employees for injuries or illnesses occurring during scope of employment
- Benefits
 - All related medical (lifetime)
 - Payment of lost wages
 - 70% of weekly wage (based on prior 13 weeks earnings)
 - Subject to weekly maximum (currently \$787)
 - Length of payment based on when employee released by doctor to return to work, or reaches Maximum Medical Improvement (MMI)
 - Maximum time to receive is 104 weeks
 - Wage supplementation
 - Difference between workers' comp pay and employee's net pay
 - Maximum time to receive is 52 weeks
 - Impairment Rating Payment
 - Once Maximum Medical Improvement reached
 - Impairment Rating (0 to 100%) established by doctor
 - Payment made based on rating

Workers' Compensation Costs

FY	Workers comp	Wage Supp	Total	# of Employees
FY06-07	\$10,968,032	\$1,146,246	\$12,114,278	1317
FY07-08	\$11,403,249	\$1,030,314	\$12,433,563	1245
FY08-09	\$11,198,623	\$1,011,034	\$12,209,657	1140
FY09-10	\$11,376,023	\$782,810	\$12,158,833	1201
FY10-11	\$9,916,965	\$661,560	\$10,578,525	1109

- The City's Workers' Compensation costs have been steadily decreasing due to:
 - Implementation of the City's certified network
 - Decrease in the number of workers' compensation claims
 - Active Limited Duty Program

Benefits

Deferred Compensation Program

Deferred Compensation

- City's deferred compensation benefit features two plans - a 401(k) and a 457
 - **City does not contribute to either plan**
 - 'Temporary employees' are required to contribute to the 457 plan in lieu of Social Security
- Each plan overseen by its own seven-member board of trustees, all of whom are City employees
- Plans administered by Fidelity Investments with assistance and management oversight from City's deferred compensation staff
 - Fidelity provides employee communications, and education for the respective plans

Benefits

Paid Leave

Paid Leave

- Holidays
 - Employees currently receive 9 holidays
 - Per the Meet & Confer Agreement, beginning FY12-13 uniform employees will have 11 holidays
- Vacation Leave
 - Vacation leave varies by years of service
- Sick leave
 - Full-time employees receive 12 days per year
 - City does not pay for short-term disability, but allows sick leave accrual
- Attendance Incentive Leave
 - Rewards excellent attendance by granting additional time off to employees
 - Employees not using sick leave or leave without pay during a calendar quarter earn one day of additional leave
 - Employees not using sick leave or leave without pay for four consecutive quarters earn two days of additional leave

Benefits Pension

Pension Overview

- The City of Dallas has two pension plans
 - Employees' Retirement Fund (ERF) for civilian employees
 - Police and Fire Pension Fund (PFPF) for uniformed employees

- Both provide retirement, death, and disability benefits and both plans replace Social Security

- Both governed by their respective boards

- Employees' Retirement Fund Plan terms and provisions are governed by Chapter 40A of the Dallas City Code

- The Dallas Police & Fire Pension System Plan terms and provisions are authorized by State Law

Pension Contributions

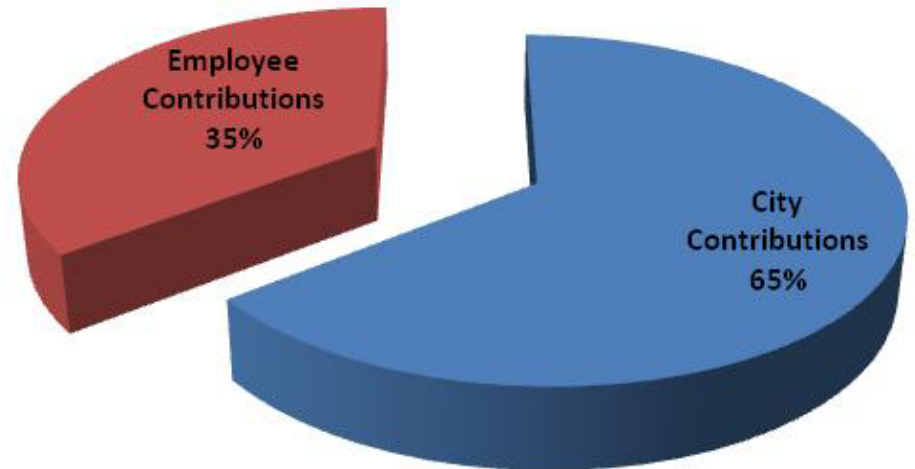
- Mandatory contributions made by both employees and the City to the Pension Funds

Group	Employee Contribution	City Contribution
Civilian	10.79% of all earnings	18.37% of all earnings
Uniform	8.5% of Computation Pay: <ul style="list-style-type: none">• Base Pay• Education Pay• Longevity Pay (Service Pay)	27.5% of all earnings

Employees' Retirement Fund (ERF)

Civilian Employees

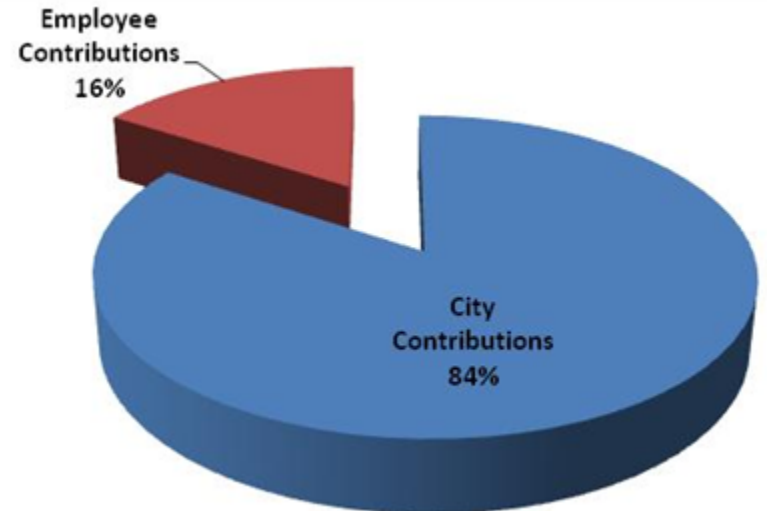
Employees' Retirement Fund (Civilian Employees)		
Group	Contributions (CY2011)	% of Total Contributions
Employees	\$ 31,748,000	35%
City	\$ 57,706,000	65%
Total	\$ 89,454,000	



Police & Fire Pension Fund (PFPF)

Uniformed Employees

Police & Fire Pension Fund		
Group	Contributions (CY2011)	% of Total Contributions
Employees	\$ 19,520,251	16%
City	\$ 103,980,832	84%
Total	\$ 123,501,083	



TOTAL COMPENSATION STUDY

2006 Total Compensation Study

- 2006 - Contracted with the Hay Group to evaluate and compare the COD pay to the labor market.
- The city's goal is for pay to be near the market median so that we can recruit and retain employees
- Findings from the 2006 study
 - Police
 - Police Officer trainee pay was low compared to the market
 - Pay for newly hired police officers was low compared to surrounding cities
 - Deputy Chief salary ranges aligned with the market; however, the Deputy Chiefs in the rank at the time were low in the salary range because they were newly appointed.

2006 Total Compensation Study (cont'd)

- Findings from the 2006 study (cont'd)
 - Fire
 - Fire Rescue Officer trainee pay was low compared to the market
 - Civilian Employees
 - Category 1 - Entry to mid-level positions (Grades A-E)
 - Pay was at the median of the market
 - Category 2 - Professional/Supervisory—(Grades F-K)
 - Pay was at the 25th percent of the market
 - Category 3 - Sr. Professional/Manager—(Grades L-P)
 - Pay was slightly below the 25th percent of the market
 - Category 4 - Executive Management—(Grades Q & above)
 - Pay was below the 25th percent of the market

2006 Total Compensation Study (cont'd)

- Over 3-Year period, implemented the following changes*:
 - **Police and Fire**
 - Eliminated the “Police Trainee” and “Fire Trainee” ranks and began hiring at the “Police Officer, Step 1” and “Fire Rescue Officer, Step 1” ranks
 - Increased starting pay for recruits
 - Added additional special pay items
 - Increased rates for existing special pay items
 - Added two “Steps” to all the ranks
 - Adding steps increases the amount officers can earn at the top of the ranks

** This is a summary of changes. Details can be found starting on page 89 in the appendix*

2006 Total Compensation Study (cont'd)

■ Police and Fire (cont'd)

□ Compressed Steps

- Prior to compression, some steps were "One-Year" steps, others were "Two-Year" steps. This refers to the length of time an officer stays in a step before moving to the next step.
- Compressing steps allows officers pay to increase faster

■ Police only changes

- Increased graduation incentive pay from \$1000 to \$6000 (one-time payment)
- Added a completion of probation incentive payment of \$4000 (one-time payment)
 - Both the graduation incentive and completion of probation incentive were eliminated in July, 2009 for budgetary reasons
- Added 5-year (\$5,000) and 10-year (\$3,000) retention incentive payments

2006 Total Compensation Study (cont'd)

■ Civilian employees

- Made adjustments to salary schedules over three year period
 - Adjusting salary schedules moves the minimum, maximum, and midpoints of the ranges to make the City's midpoints more closely align with the market
 - Adjusting salary schedules only increases pay for employees whose salaries fall below the 'new' pay minimum

Recent Staffing and Pay Changes*

	Staffing	Pay
Police & Fire	<ul style="list-style-type: none"> Number of officers has increased since 2008 	<ul style="list-style-type: none"> <u>Pay Changes</u> <ul style="list-style-type: none"> <u>October, 2010</u> - Pay for officers was reduced two ways: <ul style="list-style-type: none"> Implementation of mandatory city leave days (aka 'furloughs') Police only - Officers received 'comp time' rather than overtime Since then, pay has been incrementally restored <ul style="list-style-type: none"> Number of mandatory city leave days has been reduced Officers were again allowed to earn overtime <u>October, 2012</u> <ul style="list-style-type: none"> Pay fully restored Officers receive 3% 'across-the-board' increase <u>Step Increases</u> <ul style="list-style-type: none"> No Step increases for FY09/10; FY10/11; or FY11/12

* *This is a summary of pay changes. Details can be found starting on page 92 in the appendix*

Recent Staffing and Pay Changes*

	Staffing	Pay
Civilian Employees	<ul style="list-style-type: none"> • Three consecutive years of Reductions-in-Force • Since 2008: <ul style="list-style-type: none"> • Number of civilian employees has decreased 19.3% 	<ul style="list-style-type: none"> • <u>Pay Changes</u> <ul style="list-style-type: none"> • Beginning in July, 2009, multiple pay reductions: <ul style="list-style-type: none"> • Implementation of mandatory city leave days • Pay reductions of 0%, 2%, or 3%, based on salary • Since then, pay has been incrementally restored <ul style="list-style-type: none"> • Number of mandatory city leave days has been reduced • Pay reductions partially restored • <u>October, 2012</u> <ul style="list-style-type: none"> • Pay fully restored • <u>Merit Increases</u> <ul style="list-style-type: none"> • No merit increases for FY09/10; FY10/11; or FY11/12

Current Compensation Study

- World-at-Work, a non-profit organization that represents and certifies compensation professionals, recommends doing a total compensation study every three to five years
- In 2011, the City engaged Milliman to complete a study of the City's Total Compensation
 - The City identified 190 positions for salary comparison. Selected those that were:
 - Easily comparable – positions exist in other organizations – truck driver, secretary, police officer, etc.
 - Occupied by large numbers of City of Dallas employees, and/or
 - Positions that the City is having a hard time recruiting and/or retaining employees
 - Milliman also compared the City's benefits (health benefits, pension, and paid leave) to the market

Current Compensation Study

- Milliman compared City of Dallas to:
 - Peer cities and other public sector organizations – referred to as “Custom Survey” in their report
 - Twenty-seven public sector organizations participated
 - Included jobs that only exist in public sector – police officer, fire-fighter, for example
 - Also included positions found in both public and private sector
 - Private sector
 - Used published survey data (more than 20 survey sources)

City of Dallas

Total Compensation Study

Executive Summary

, 2012

Prepared by:
Milliman
1301 Fifth Avenue, Suite 3800
Seattle, WA 98101-2605
206/504.5545



Project Approach

- Analysis of cash compensation and major benefits
 - Medical, dental, vision
 - Life insurance
 - Long-term disability
 - Retirement
- Custom survey of eighty-two jobs, twenty-seven cities (custom survey group):

City of Austin
City of Baton Rouge
City of Charlotte
City of Chicago
City of Fort Worth
City of Frisco
City of Garland
City of Houston
City of Irving
City of Kansas City
City of Lubbock
City of Memphis
City of Mesquite
City of Oklahoma City

City of Philadelphia
City of Phoenix
City of Portland
City of San Antonio
City of San Diego
City of Seattle
City of Tulsa
DFW International Airport
Harris County
Los Angeles
Metropolitan Government of Nashville & Davidson County
The City of El Paso
Travis County

Custom Survey Jobs

911 Call Taker	Department Director (small)	Plans Examiner, Senior
Airport Operations Officer, Senior	Detention Officer	Police Chief
Animal Services Officer	Economic Development Analyst	Police Deputy Chief
Architect, Senior	Environmental Coordinator	Police Dispatcher
Assistant City Attorney	Fire and Rescue Officer	Police Dispatcher, Senior
Assistant City Attorney, Senior	Fire and Rescue Officer Trainee	Police Lieutenant
Assistant City Auditor	Fire Battalion/Section Chief	Police Officer
Assistant Department Director (large)	Fire Captain	Police Senior Corporal
Assistant Department Director (small)	Fire Deputy Chief	Police Sergeant
Bailiff	Fire Driver - Engineer	Program Manager
Caseworker	Fire Lieutenant	Program Manager, Senior
Caseworker, Senior	Information Technology Manager	Public Information Officer, Senior
Chief Financial Officer	Inspector	Public Service Officer
Chief Planner	Inspector, Senior	Real Estate Specialist, Senior
City Attorney	Irrigation Technician, Senior	Recreation Center Assistant
City Auditor	Laborer	Recreation Program Specialist
City Contoller	Librarian	Sanitarian
Community Outreach Representative	Librarian, Senior	Service Agent
Community Service Worker	Manager Community Service	Supervisor Heavy Equipment
Community Service Worker, Senior	Manager Environmental Health	Supervisor Park Maintenance
Coordinator - Recreation	Manager Fleet	Supervisor Water
Council Assistant	Manager Land Use Planning	Supervisor Water, Lead
Council Secretary	Manager Solid Waste	Surveyor
Court Specialist	Manager Water Utilities	Truck Driver
Crew Leader	Municipal Judge	Water Field Representative
Crime Technician	Parking Enforcement Officer	Water Meter Reader
Department Director (large)	Planner, Senior	Water Plant Operator

Project Approach (continued)

- Published data for 115 jobs, twenty survey sources

Published Surveys

CompData Survey

Employers Assoc of America - Executive

Employers Assoc of America - NE/Ex

Economic Research Institute

Milliman Healthcare

Milliman Information Technology

Milliman Management & Professional

Milliman Non-Exempt & Exempt

Milliman Public Sector

Milliman Retail/Wholesale/Distribution

PSI Exempt Compensation Survey

PSI Non-Exempt Compensation Survey

Towers Watson Middle Management

Towers Watson Office Personnel

Towers Watson Prof - Administrative

Towers Watson Prof - Specialized

Towers Watson Supervisory Management

Towers Watson Tech & Skilled Trades

Towers Watson Top Management

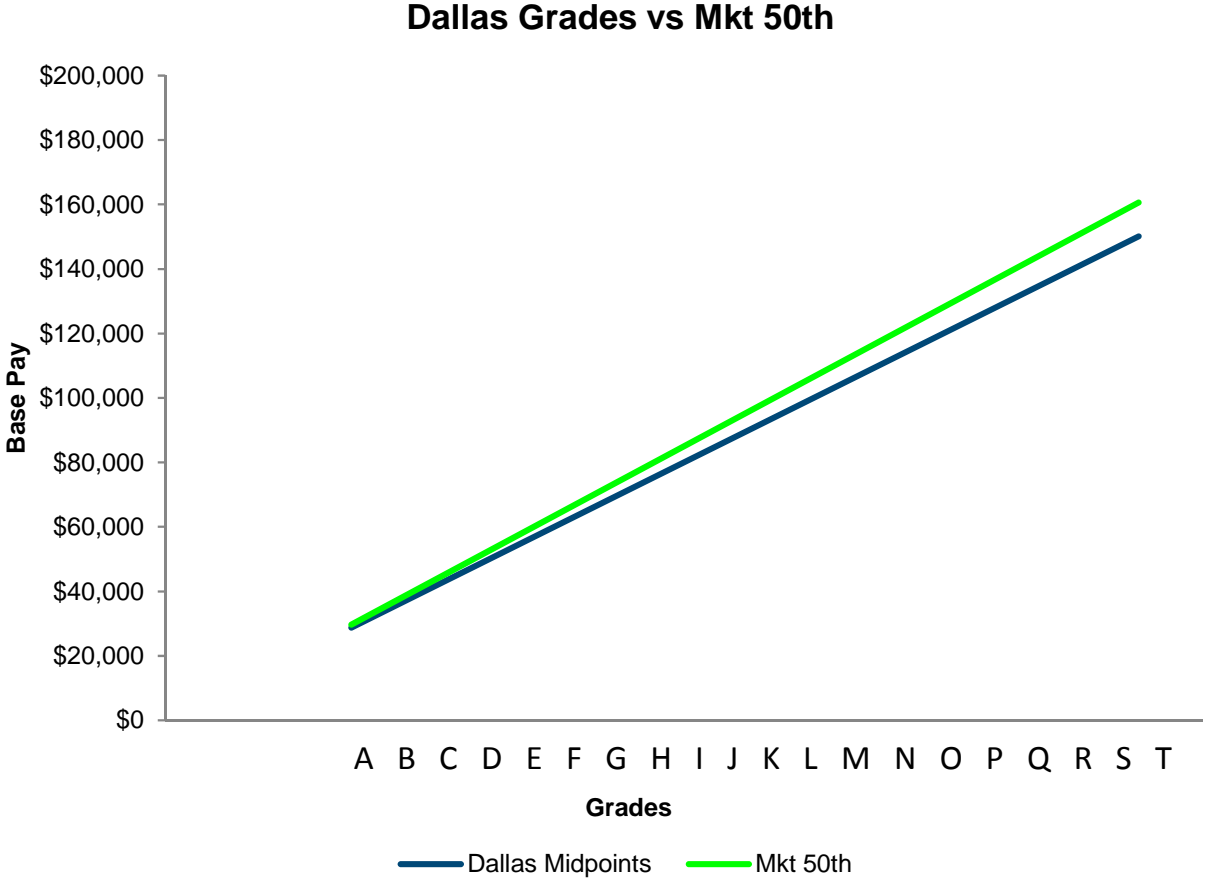
United Way Survey

Published Survey Jobs

Accountant III	Economic Develop Analyst	Librarian	Programmer Analyst I	Sr Office Assistant
Admin Spec	Electrician	Library Associate	Programmer Analyst II	Sr Plumber
Admin Specialist II	Electrician Assistant	Licensed Vocational Nur	Programmer Analyst III	Sr Public Inform Officer
Assistant City Attorney	Electronic Technician	Manager - Warehousing	Project Coordinator III	Sr Real Estate Spec
Asst City Auditor III	Engineer	Manager II - Business	Public Health Nutrition	Sr Security Analyst
Buyer III	Engineer Assistant	Manager II - Commun	Records Mgmt Officer	Sr Systems Programmer
CAD Tech	Environ Specialist II	Manager II - Events/Med	Risk Analyst, Senior	Sr Welder
Caseworker	Equipment Operator	Manager II - Facilities	Security Officer	Storekeeper II
Caseworker II	Executive Assistant	Manager II - Fleet Serv	Sr Accountant	Supervisor - Electrical
Chemist	Executive Asst City Att	Manager II - HR	Sr Architect	Supervisor - Facilities
Chief Financial Officer	Executive Secretary	Manager III - Fleet	Sr Assistant City Attor	Supervisor - Heavy Equip
City Attorney	Financial Accountant	Manager III - HR	Sr Budget Analyst	Supervisor - Maintenanc
City Auditor	Financial Specialist	Manager III - Warehous	Sr Carpenter	Supervisor II - Office
City Controller	GIS Analyst III	Mechanic	Sr Contract Comp Admin	Supervisor II - Pk Maint
Computer Operator	Heavy Equipment Opr	Mechanic II - Auto Serv	Sr Customer Service Rep	Supervisor II - Warehou
Contract Comp Administr	HR Analyst II	Mechanic II - Heavy	Sr Electronic Techn	Surveyor
Coordinator - Events/Me	Human Resources Assista	Network Analyst	Sr Engineer	Systems Programmer
Coordinator - General	HVAC Mechanic	Network Analyst II	Sr HR Analyst	Truck Driver II
Council Secretary	IT Architect	Nutritionist	Sr HVAC Mechanic	Water Plant Operator
Crew Leader	IT Business Analyst V	Office Assistant	Sr IT Analyst	Web Designer
Custodian	IT Manager	Office Assistant II	Sr IT Manager	
Customer Service Agent	Laborer	Painter	Sr Legal Secretary	
Customer Svc Rep II	Laborer II	Payroll Specialist, Senior	Sr Machinist	
Database Analyst	Lead Custodian	Pension Benefits Specia	Sr Maintenance Worker	
Design Technician II	Legal Assistant	Plumber	Sr Mechanic - Maintenanc	

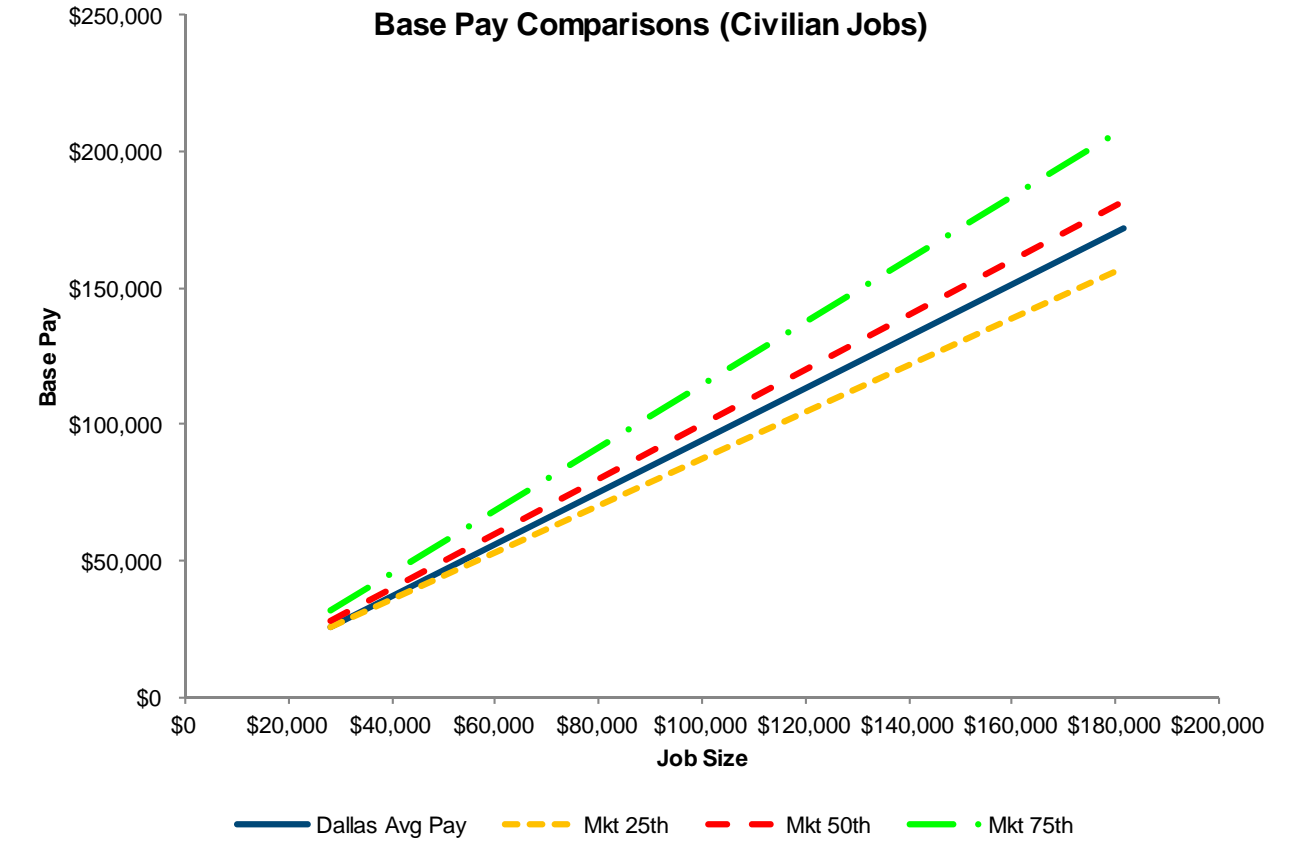
Pay Ranges – Civilian Jobs

- The midpoints of pay ranges for the civilian jobs included in this study are an average of 9% below market median



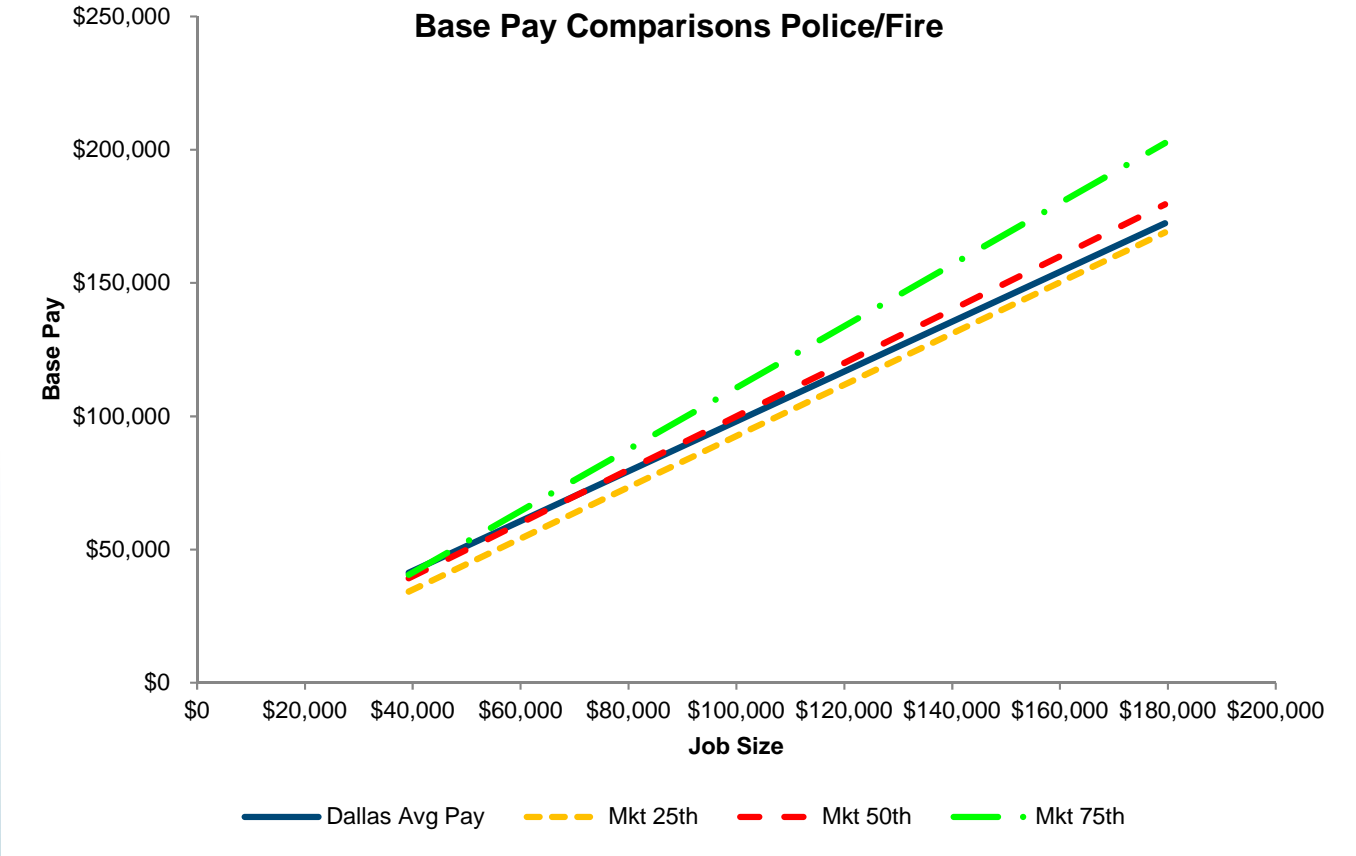
Base Salary – Civilian Jobs

- Base salaries for civilian jobs average 7% below the market median (50th percentile)
- Base salary is less competitive at the higher job levels



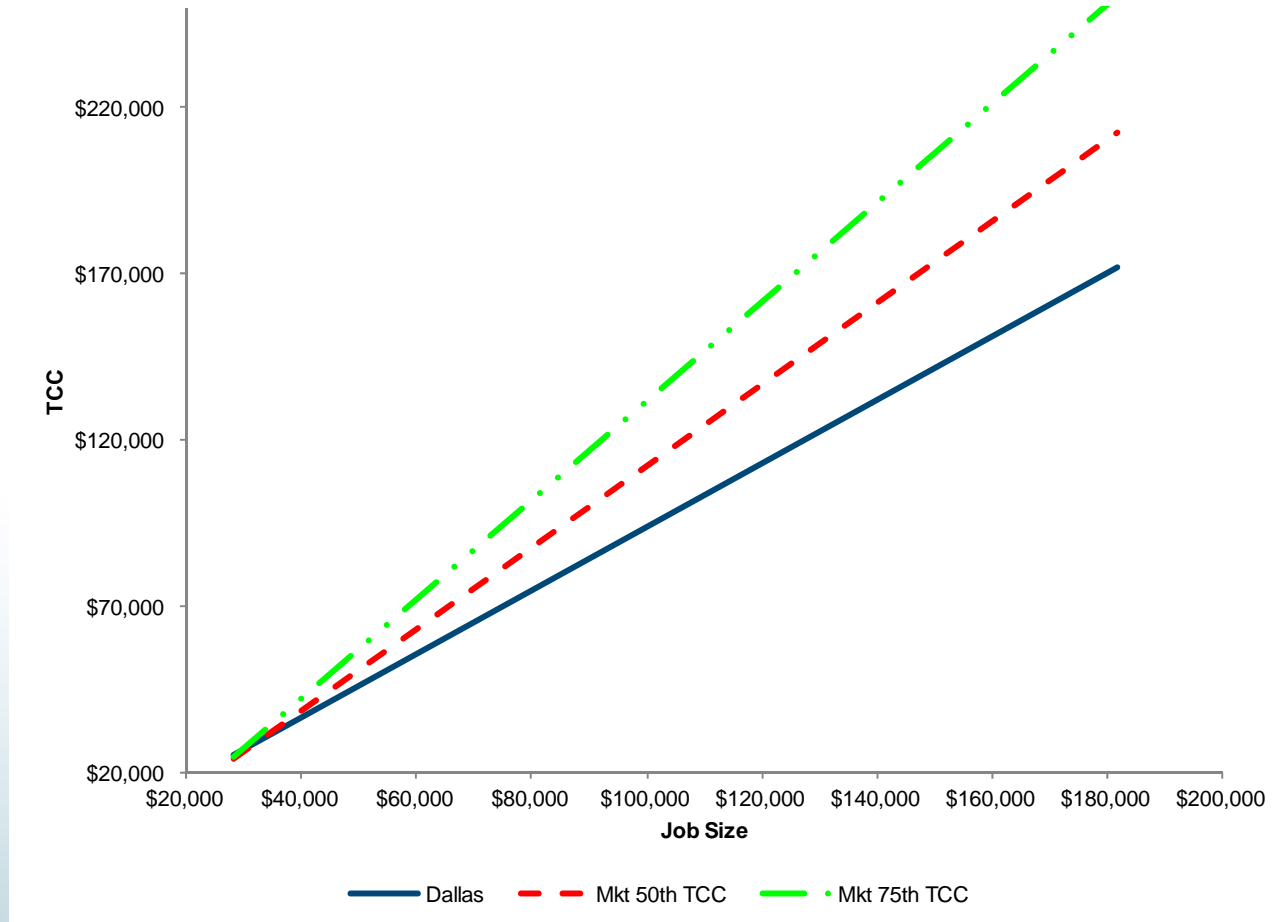
Base Salary – Uniformed Jobs

- Base salaries for uniformed jobs are aligned with the market median (average at median)



Total Cash Compensation-Civilian Jobs

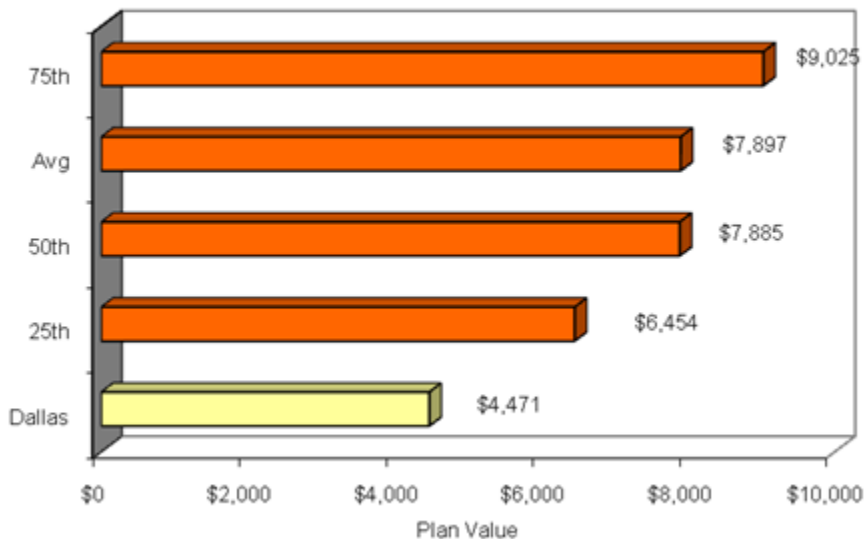
- Total cash compensation (salary plus annual cash bonuses) for civilian jobs at the City of Dallas is below the market median



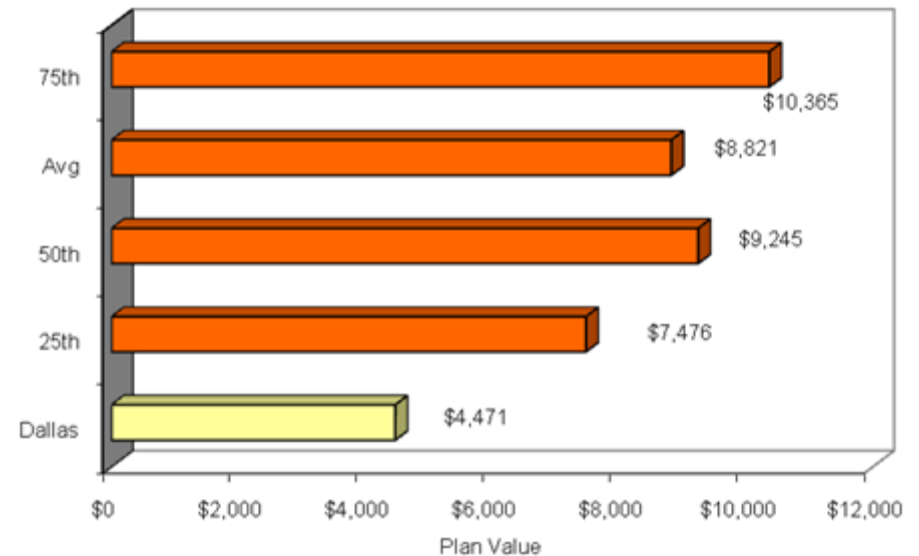
Medical/Vision Benefits

- Dallas' medical plan is below the 25th percentile of both the survey group and the private sector
- Values are relative from an employee's perspective. A higher dollar value means that the plans' features (including cost sharing arrangements) are better than those plans with lower dollar values.

Medical/Vision - Custom Survey



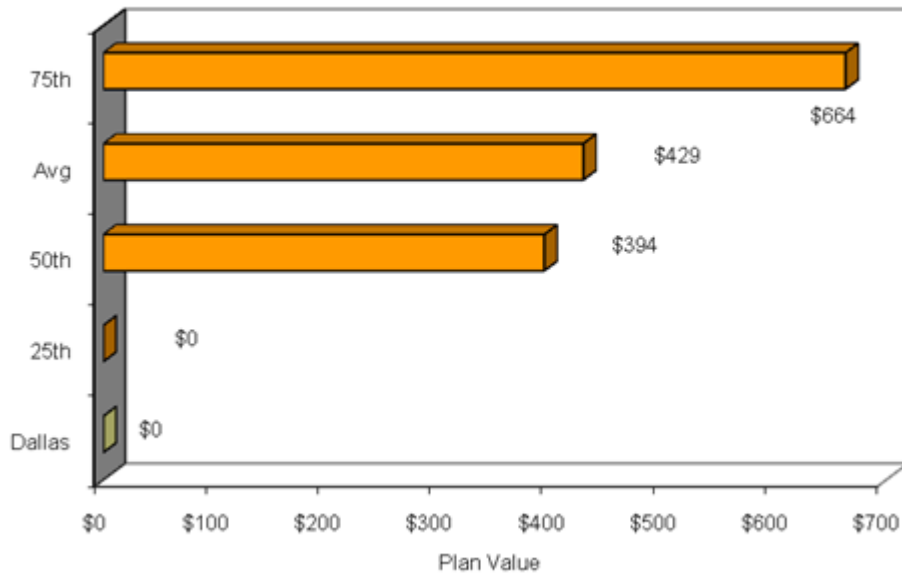
Medical/Vision - Private Sector



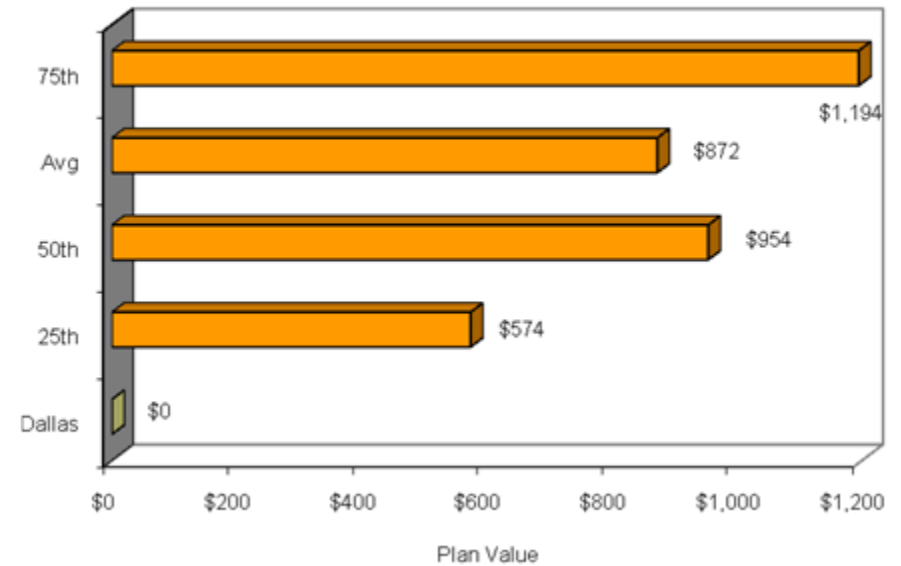
Dental Benefits

- Dallas does not contribute to the dental plan, a practice consistent with the 25th percentile of the survey group but below the 25th percentile of the private sector

Dental - Custom Survey



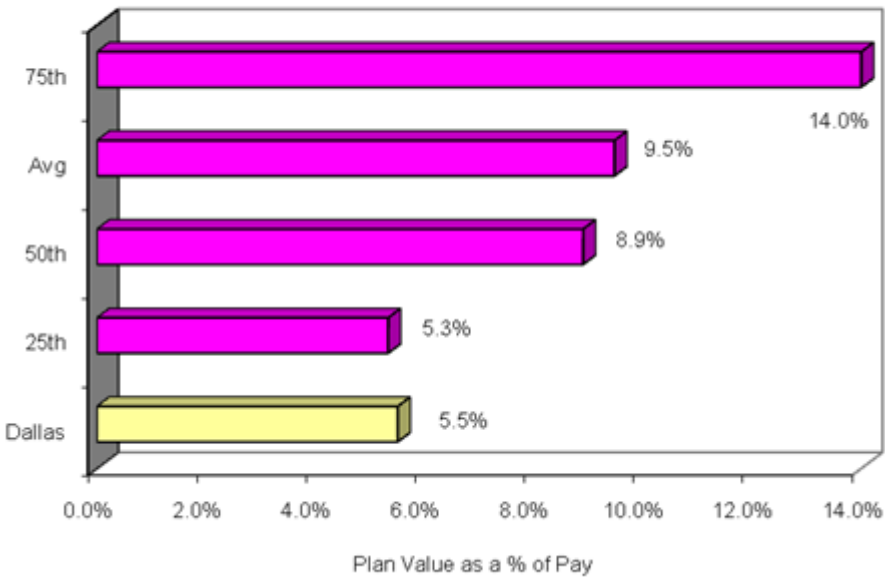
Dental - Private Sector



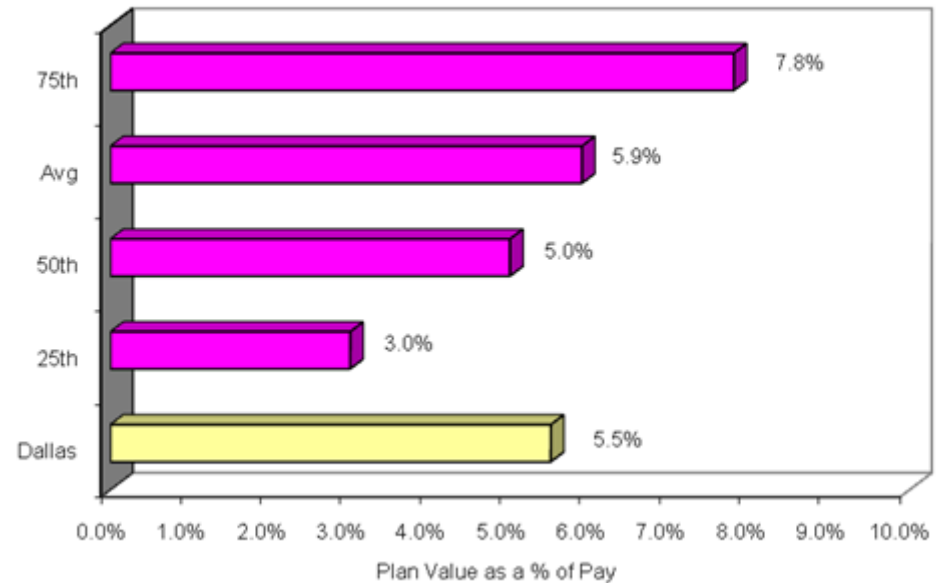
Retirement Benefits – Civilian Jobs

- Dallas' civilian retirement benefits are below the 50th percentile of the survey group and at median of the private sector

Total Retirement - Custom Survey

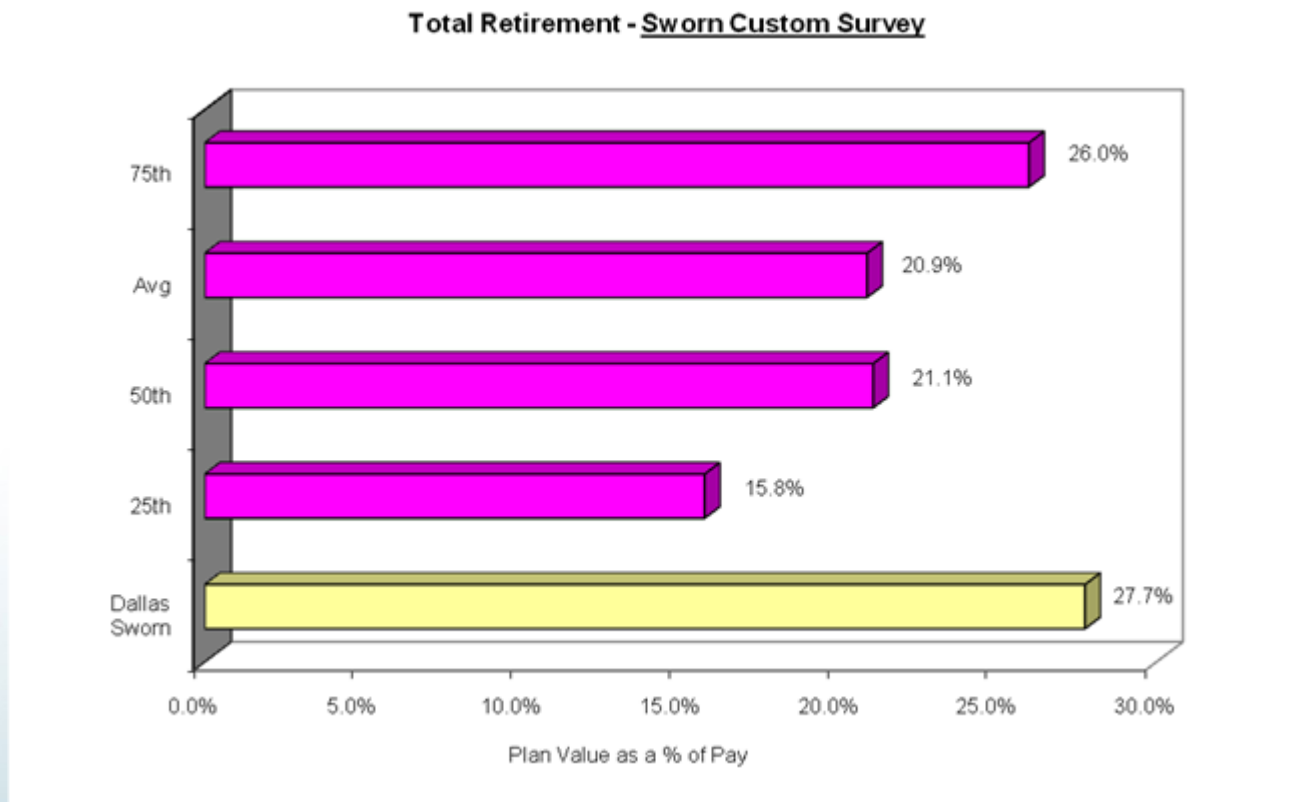


Total Retirement - Private Sector



Retirement Benefits – Uniformed Jobs

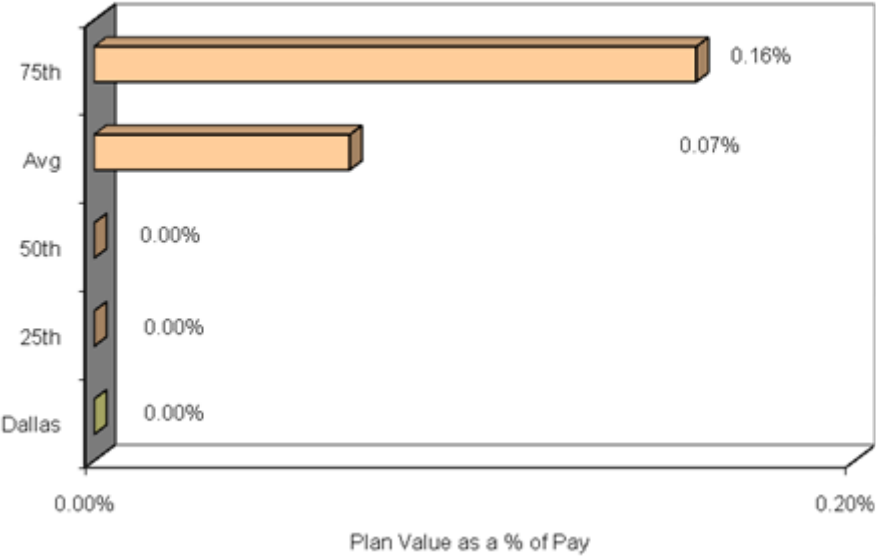
- Dallas' uniformed retirement benefits are above the 75th percentile of the survey group and the private sector (not shown here)



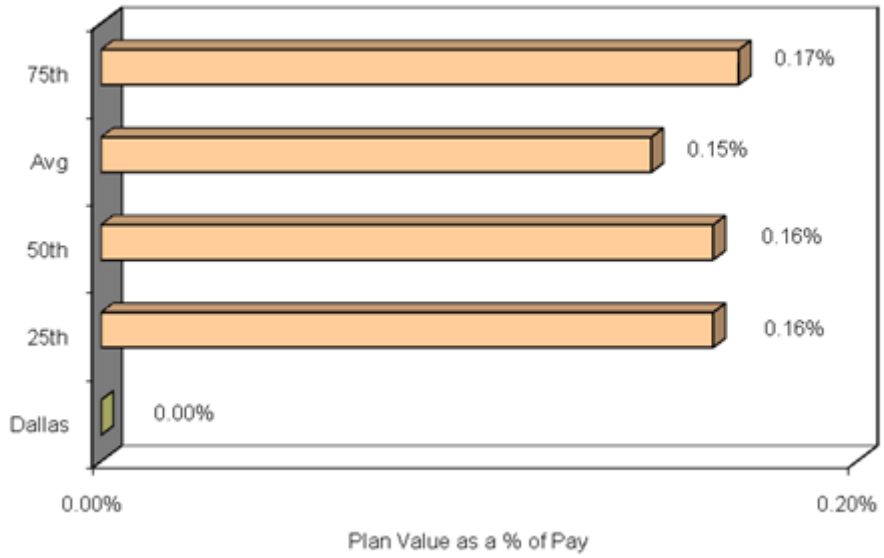
LTD Benefits

- Dallas does not provide an LTD benefit, a practice similar to the survey group but below the 25th percentile of the private sector

LTD - Custom Survey



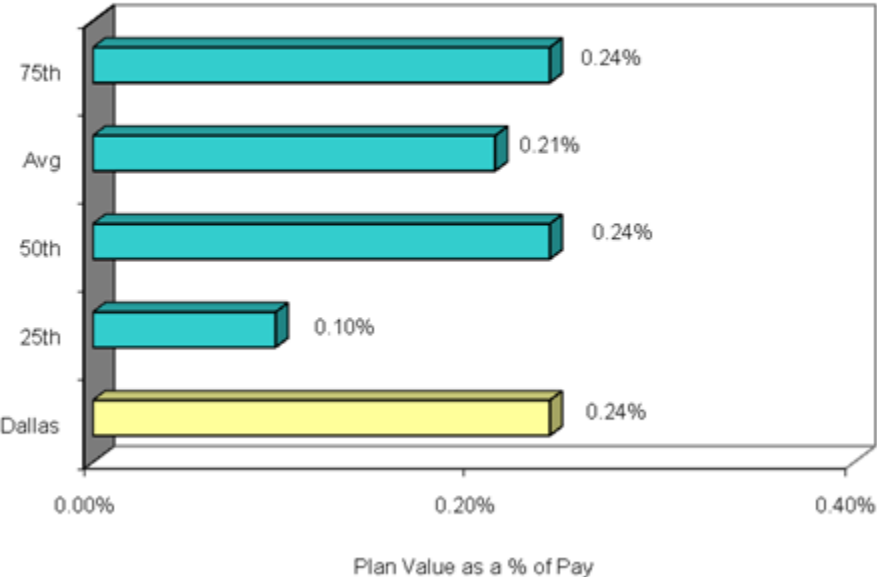
LTD - Private Sector



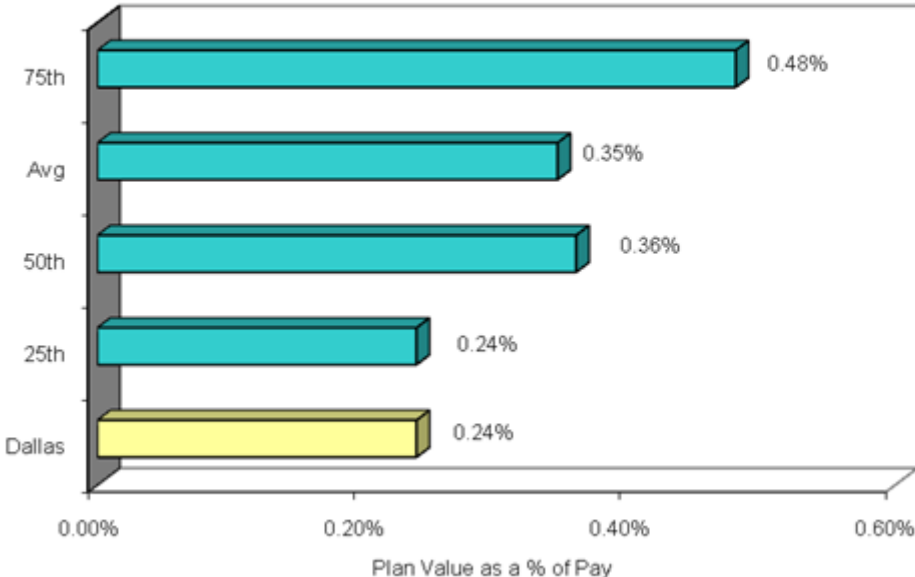
Life Insurance

- Dallas' life insurance benefit is at the median of the survey group and at the 25th percentile of the private sector

Life Insurance - Custom Survey



Life Insurance - Private Sector



Vacation and Holidays

- Dallas' vacation benefit is comparable to the survey group; holidays are slightly below



- Dallas' vacation benefit is slightly below median compared to private sector companies; holidays are at median



Sick Leave

- Dallas' sick leave accrual policy is slightly below the practice of the survey group but maximum accruals are in line with median market practice

Sick Leave - <u>Custom Survey</u>			
Sick Leave	Dallas	Average	Median
Number of hours accrued per year for sick leave	96	109	104
Maximum sick leave balance (hours)	1,440	1,309	1,400

- Dallas' sick leave accrual policy is above the median of the private sector with maximum accruals significantly above typical practice

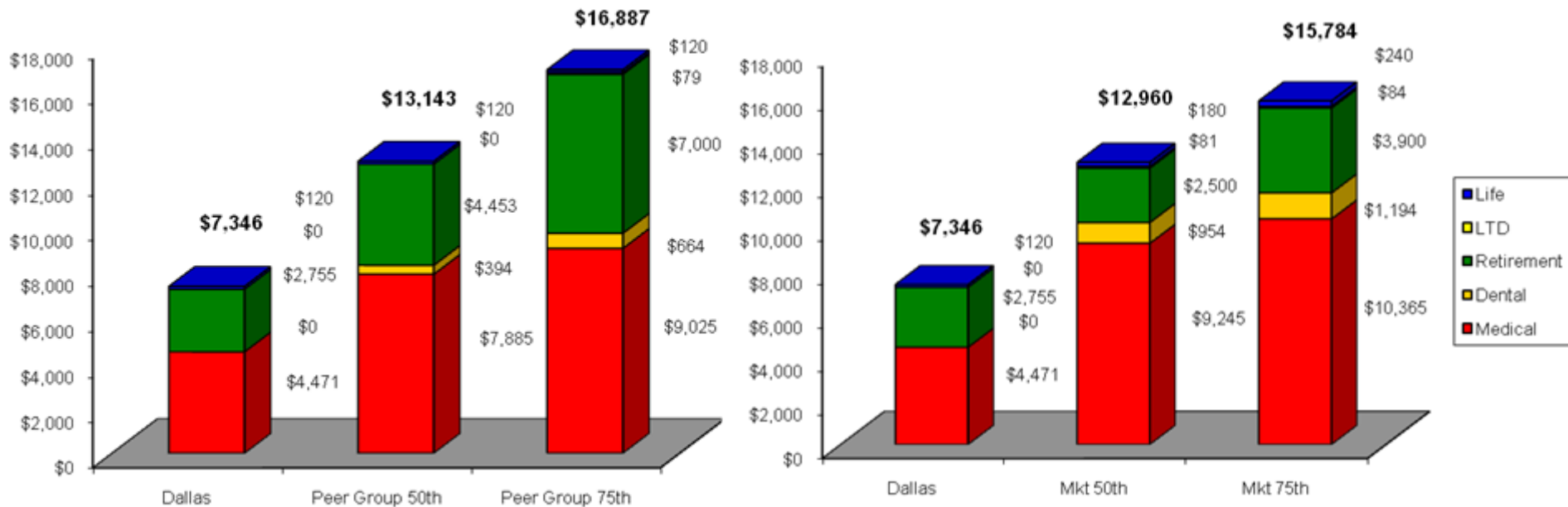
Sick Leave - <u>Private Sector</u>			
Sick Leave	Dallas	Average	Median
Number of hours accrued per year for sick leave	96	79	90
Maximum sick leave balance (hours)	1,440	413	272

Total Benefits – Civilian Jobs

- The value of major benefits offered by the City are below the median of the survey group and the private sector

Total Benefits - Custom Survey

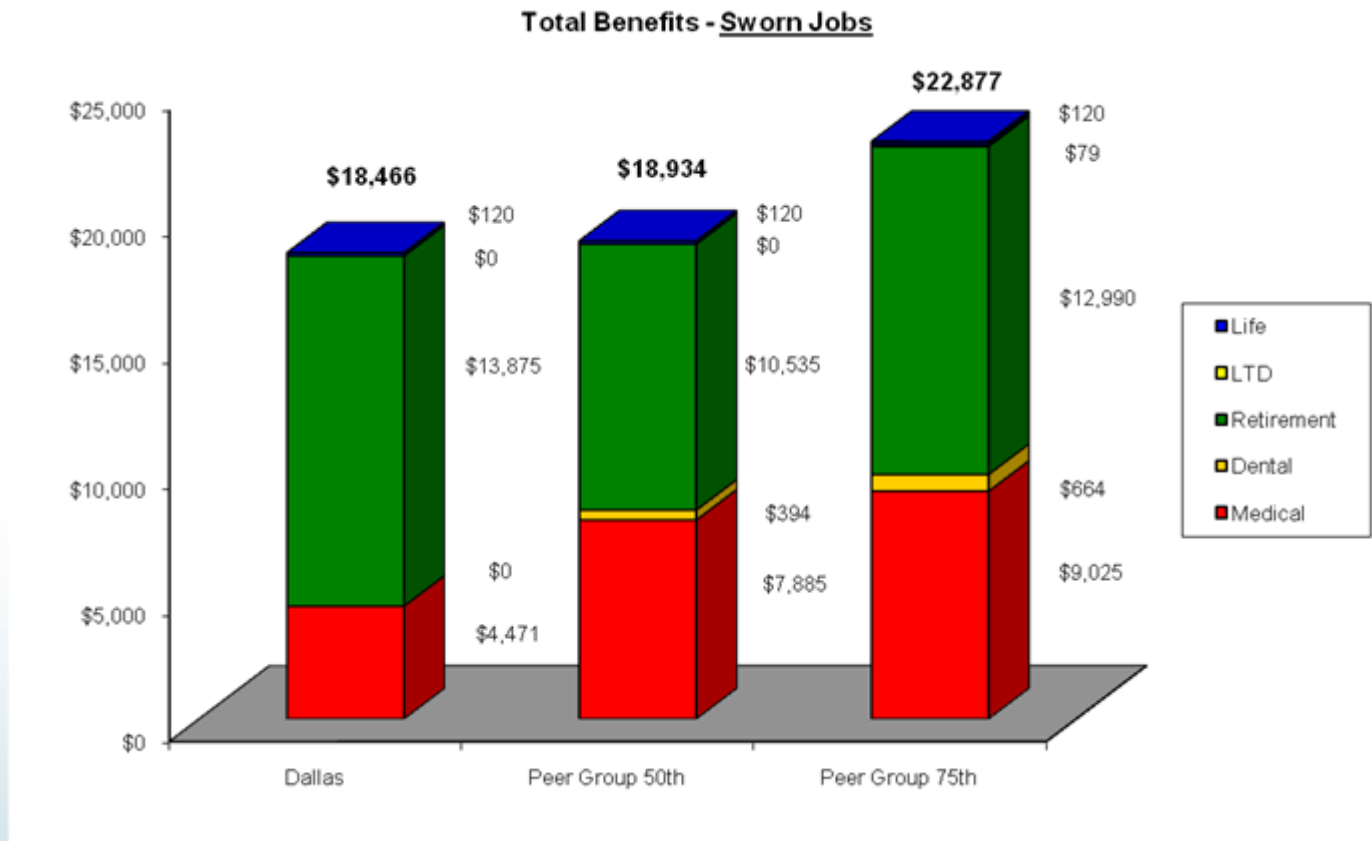
Total Benefits - Private Sector



Note: A base salary of \$50,000 was assumed to calculate the above benefit values

Total Benefits – Uniformed Jobs

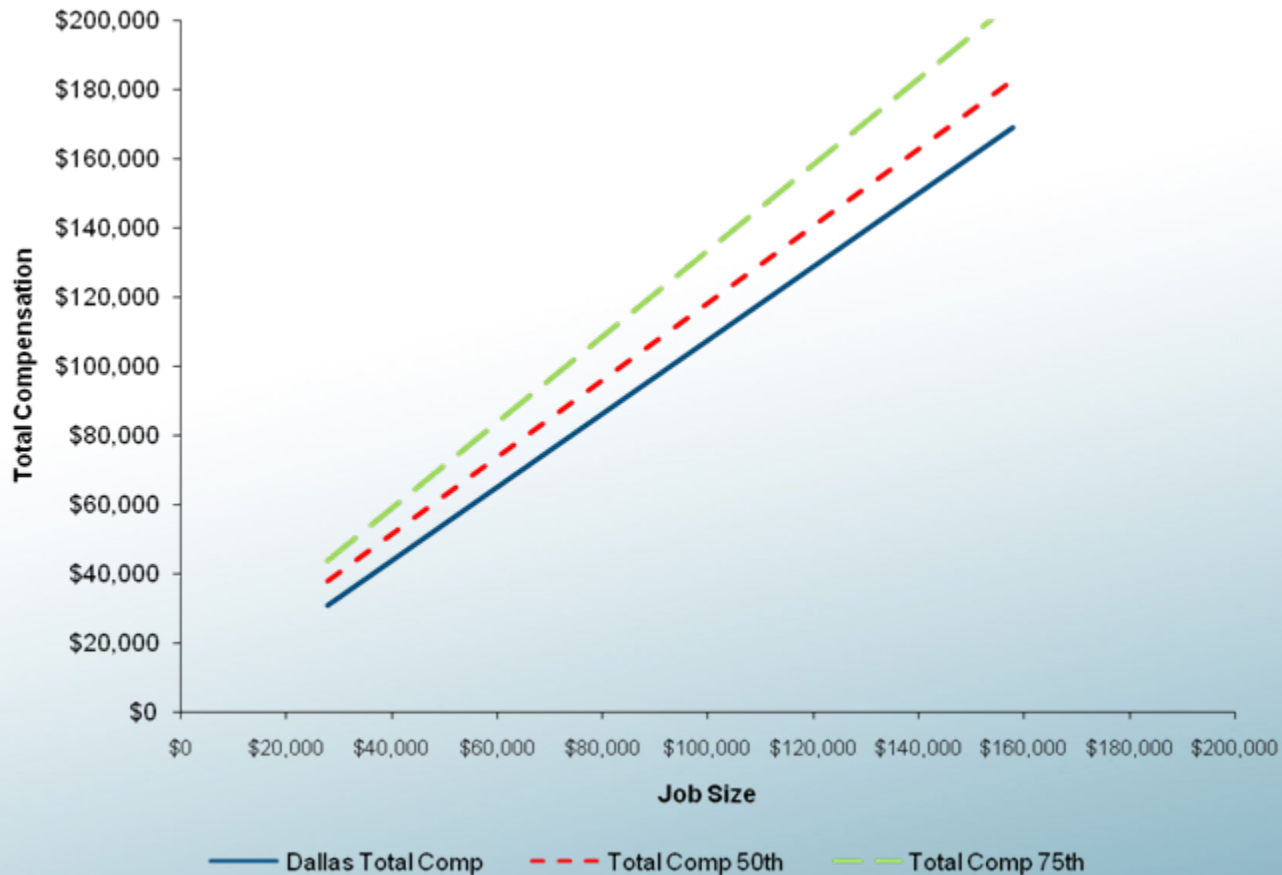
- The value of total benefits for uniformed jobs is competitive with the median of the custom survey group



Note: A base salary of \$50,000 was assumed to calculate the above benefit values

Total Compensation – Civilian Jobs

- Total compensation (cash plus the value of major benefits) for civilian jobs at the City of Dallas is below the market median (an average of 14%). Weaker than average total benefits pull the City's total compensation lower compared to market.

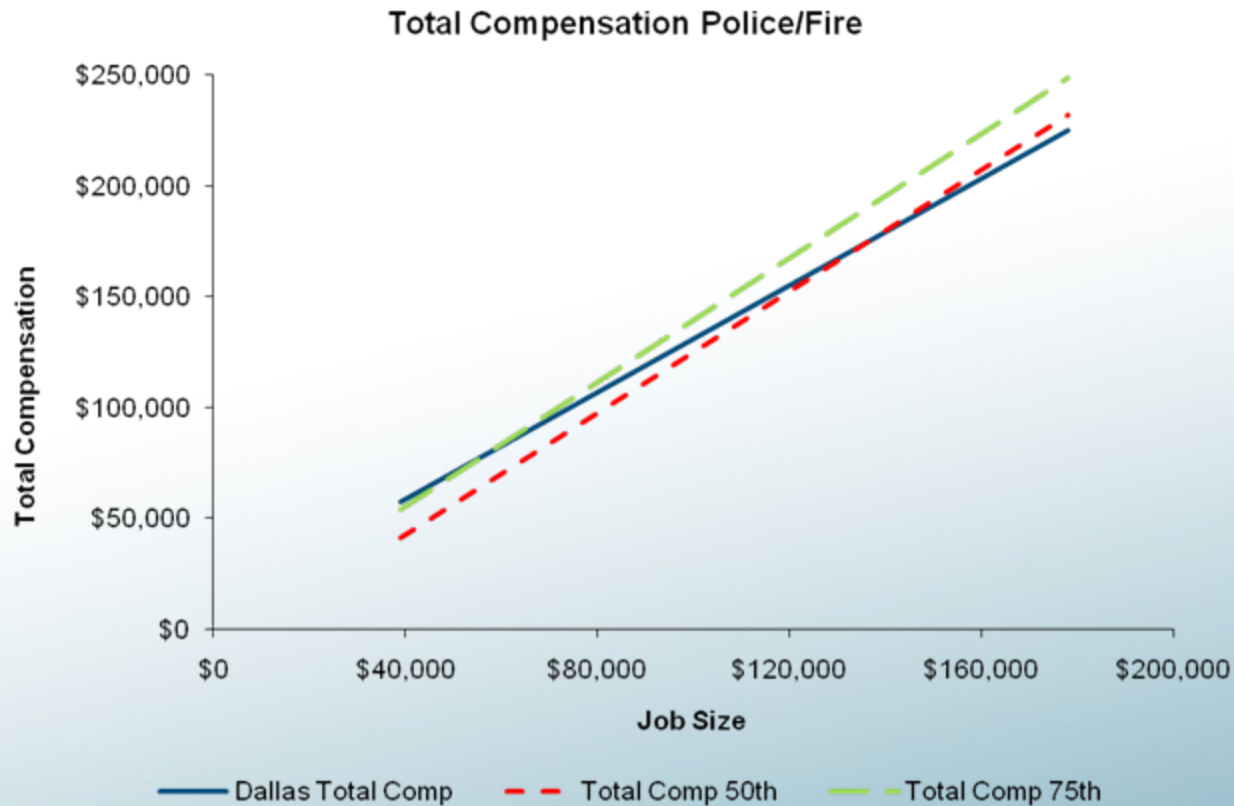


Total Compensation Summary - Civilian

Pay Element	Summary	Vs. Public Sector	Vs. Private Sector
Base Pay	Weak	7% below blended market	
Medical/Vision	Weak	At 25 th percentile	< 25 th percentile
Dental	Weak	At 25 th percentile	< 25 th percentile
Life	Average	At the 50 th percentile	At the 25 th percentile
LTD	Average	At the 50 th percentile	< 25 th percentile
Retirement	Average	At the 25 th percentile	> 50 th percentile
Time Off	Average	Average	<50 th percentile
Total Comp	Weak	Weak	Weak

Total Compensation – Uniformed Jobs

- Total compensation for uniformed jobs is on average 11% above the median of the survey group



Total Compensation Summary - Uniformed

Pay Element	Summary	Vs. Public Sector
Base pay	Average	At the 50 th percentile
Medical/Vision	Weak	At 25 th percentile
Dental	Weak	At 25 th percentile
Life	Average	At the 50 th percentile
LTD	Average	At the 50 th percentile
Retirement	Strong	Above 75 th percentile
Time Off	Average	Average
Total Comp	Above average	Between median & 75 th

Conclusions – Civilian Compensation

- Cash compensation for civilian jobs is not well aligned with market median
- Current pay range midpoints are not in line with market median levels
- Current benefits are in general below median market levels
- Current total compensation is below market median compared to both the public and private sectors

Observations

- Compensation for Police and Fire jobs is competitive generally
 - There are a very limited number of jobs which should be reviewed for potential adjustments in order to improve recruiting and retention
- Compensation for civilian jobs is generally weak compared to the market data in this study
 - The City may want to develop a three-year plan to address total compensation for specific civilian jobs that are difficult to hire and or difficult to retain
 - The lack of merit awards in recent years has weakened the base pay for civilian jobs; reinstating merit awards would be a mechanism to improve pay competitiveness over time
- The City's medical benefit is particularly weak. Solutions include:
 - Increasing the employer contribution to premiums
 - Increasing total compensation by adjusting base pay and/or using lump sum cash awards

RECOMMENDATIONS

Considerations for the City Manager's Recommended 12/13 Budget

For all employees:

- ❑ No healthcare premium increases
- ❑ Expanded Wellness Program
- ❑ Maintain current mix of leave, disability, life insurance, and pension benefits

For uniformed employees:

- ❑ Current Meet & Confer contract expires in October, 2013
 - ❑ If Meet & Confer negotiations continue, discuss compensation options for the few jobs where Dallas' pay may need to be more competitive
-

Considerations for the City Manager's Recommended 12/13 Budget

For civilian employees:

- Over three-year period, adjust pay on positions where the City's pay is significantly below market
- Prioritize based on costs and operational impact
- Over three-year period, adjust pay schedules to more closely align the midpoint of the ranges to the market
- Reinstate performance-based merit increases
- Additional options for consideration:
 - Reinstate Tuition Reimbursement program
 - Reinstate Language Skills pay for new participants
 - Increase the shift differential for deep-night shifts

APPENDIX

City rules and policies governing employment

- City Charter
 - Chapter II, Section 1., (35) & (36)
 - Make provisions for the care and sustenance of police, fire, and all officers and employees who:
 - Become disabled while in the service of City (e.g. disability pension)
 - Become incapacitated due to age or infirmity (e.g. retirement, healthcare, sick leave)
 - Become incapacitated due to longevity of service alone (e.g. retirement)
 - Provide aid and relief to widows, minor children, and dependents
 - Create funds for the above purposes

City rules and policies governing employment (cont'd)

- City Charter (cont'd)
 - Chapter XVI, Section 14. – Adoption of Personnel System and establishment of rules and regulations, including
 - Description of employment positions
 - Methods of determining merit and fitness
 - Hours of work, attendance, provisions for sick leave and vacation leave
 - Equitable pay scales
- City Personnel Rules
 - Health and life benefits
 - Paid and unpaid leave

Special Pay Items

Civilian Employees

- In addition to base pay, some employees receive 'special pay' for skills or assignments
 - Interim Assignment Pay - For employees serving in a higher level position for more than one month
 - 5% of base pay
 - Language Skills Assignment Pay - For employees whose language skills support the departments' service delivery
 - \$110/mo for Intermediate skill level
 - \$150/mo for Advanced skill level
 - Shift Assignment Pay - For employees with 50% of regular work hours between 6PM and 6AM
 - 2% of pay
 - Service Incentive Pay - For employees hired before 10/1/2002
 - \$4 for each month of service completed to a maximum of \$1,200 per year

Special Pay Items

DPD

- Certification Pay - applicable to all ranks
 - TCLEOSE Intermediate - \$200/mo
 - TCLEOSE Master - \$500/mo
- Service Pay - applicable to all ranks
 - \$4/mo for each year of service completed
 - Maximum: \$100 per month for 25 years of service
- 5 Year Retention Incentive - applicable to all ranks
 - \$5,000 Lump Sum
- 10 Year Retention Incentive – applicable to all ranks
 - \$3,000 Lump Sum

Special Pay Items

DPD (cont)

- Educational Incentive Pay
 - Applicable to all ranks

Pay Rate Comparison						
	0-45 Hours	45-90 Hour	90-105 Hours	105 Hours or More	Max w/o Bachelors	Max w/ Bachelors
Current	\$0	\$4 per month for each 3 credit hours earned	\$0 per month for every 3 credit hours earned	\$0	\$60 per month	\$100 per month
Effective April 1, 2013	\$0	\$12 per month for each 3 credit hours earned	\$12 per month for every 3 credit hours earned	\$0	\$240 per month	\$300 per month

*Education Incentive Pay is pensionable

Special Pay Items

DPD (cont)

- Temporary Assignment Pay (TAP)
 - For serving one rank higher:
 - Pay increases to the officer's current step at the higher level rank
 - For serving two or more ranks higher:
 - Base pay increases to the step in the higher level rank that provides a 10% increase
- Language Skill Assignment Pay
 - \$110/mo for Intermediate skill level
 - \$150/mo for Advanced skill level
- Down Payment Assistance Program
 - \$6,000

Special Pay Items

DPD (cont)

- ❑ Detective Assignment Pay – for Police Senior Corporals
 - \$100/mo
 - ❑ Field Training Officer Pay - for Police Senior Corporals
 - \$100/mo
 - ❑ Narcotics Hazardous Material Interdiction Team
 - \$100/mo
 - ❑ Patrol Duty Pay - for Police Officers & Corporals
 - 6 Years Service \$100/mo
 - 8 Years Service \$125/mo
 - 10 Years Service \$150/mo
 - ❑ Shift Assignment Pay
 - 3.5% (50% of hours between 6PM and 6AM)
 - 6.5% First Watch (from 12:00 midnight to 8:00 am)
-

Special Pay Item

DFR

- Service Pay - applicable to all ranks
 - \$4/mo for each year of service completed
 - Maximum: \$100 per month for 25 years of service
- Temporary Assignment Pay (TAP)
 - 5% for each rank served above officer's current rank - maximum 15%
- Language Skill Assignment Pay
 - \$110/mo for Intermediate skill level
 - \$150/mo for Advanced skill level

Special Pay Items

DFR (cont)

- Educational Incentive Pay
 - Applicable to all ranks

Pay Rate Comparison						
	0-45 Hours	45-90 Hour	90-105 Hours	105 Hours or More	Max w/o Bachelors	Max w/ Bachelors
Current	\$0	\$4 per month for each 3 credit hours earned	\$0 per month for every 3 credit hours earned	\$0	\$60 per month	\$100 per month
Effective April 1, 2013	\$0	\$12 per month for each 3 credit hours earned	\$12 per month for every 3 credit hours earned	\$0	\$240 per month	\$300 per month

*Education Incentive Pay is pensionable

Special Pay Items

DFR (cont)

- Wellness Incentive Pay
 - \$150/yr (Good), \$250/yr (Excellent), \$350/yr (Superior)
 - Currently being funded by the FEMA Assistance to Firefighters Grants
 - Pay will be eliminated in FY 12-13 when the grant expires
 - Certification & Assignment Pay
 - Can only receive 2 certification and/or assignment pays at one time
 - Firefighter/Fire Inspector Certification – Employees who meet certification requirements
 - \$175/mo Intermediate
 - \$250/mo Advance
 - \$500/mo Master
 - Aircraft Rescue (ARFF) – Employees at designated stations
 - \$150/mo – Lieutenant and below
 - \$350/mo – Captain and above
-

Special Pay Items

DFR (cont)

□ Arson Investigator - Assigned Arson Investigators

■ \$175/mo

□ EMS Assignment Pay

\$200/mo – 0 to 4 years

\$300/mo - 8 to 11 years

\$250/mo - 4 to 6 years

\$350/mo - 11 to 14 years

\$275/mo - 6 to 8 years

\$400/mo - 14 years Plus

□ Fire Instructor - Assigned Fire Instructors

■ \$175/mo

□ Hazardous Material Response Team (HAZMAT) –
Employees at designated stations

■ \$150/mo Lieutenant and below

■ \$350/mo Captain and above

Special Pay Items

DFR (cont)

- Paramedic Certification – For selected positions
 - \$75/mo
- Urban Search and Rescue (USAR) – Employees at designated stations
 - \$150/mo Lieutenant and below
 - \$350/mo Captain and above

2006 Total Compensation Study – Details of 3-Year Compensation Changes

- Over 3-Year period, implemented recommendations from the study as follows:

YEAR ONE – FY2006-2007										
Police	Fire	Civilians								
<ul style="list-style-type: none"> Eliminated the “Police Trainee” rank and began hiring at the “Police Officer, Step 1” rank (increased starting pay for recruits) Added Certification Pay as follows: <table border="1" data-bbox="158 696 739 775"> <tr> <td>Intermediate</td> <td>\$100 per month</td> </tr> <tr> <td>Master</td> <td>\$400 per month</td> </tr> </table> Increased Graduation Incentive Pay from \$1,000 to \$6,000 one-time payment Added Incentive Pay for Completion of Probation - \$4,000 one time payment Added 5 year Retention pay - \$5,000 one time payment Added Tuition Reimbursement - Reimburse up to 70% of tuition expenses – Max \$1,500 per year Increased Language Skills Pay 	Intermediate	\$100 per month	Master	\$400 per month	<ul style="list-style-type: none"> Eliminated the “Fire Trainee” rank and began hiring at the “Fire/Rescue Officer, Step 1” rank (increased starting pay for recruits) Added Certification Pay as follows: <table border="1" data-bbox="778 732 1360 811"> <tr> <td>Intermediate</td> <td>\$100/month</td> </tr> <tr> <td>Master</td> <td>\$200/month</td> </tr> </table> Added additional assignment pay for: AARF, USAR, Instructor, Arson Added Wellness Incentive Pay (varies from \$150 to \$350 per year) Added Tuition Reimbursement - Reimburse up to 70% of tuition expenses – Max \$1,500 per year Increased EMS Certification Pay \$50/month Increased Paramedic Certification Pay \$50/month Increased HAZMAT Pay \$50/month Increased Language Skills Pay 	Intermediate	\$100/month	Master	\$200/month	<ul style="list-style-type: none"> Adjusted Salary Schedules as follows: <ul style="list-style-type: none"> Grades A-E – No changes Grades F-K – Increased Max 3% Grades L-P – Increased Max 3% Grades Q & Up – Increased Max 3% Added Tuition Reimbursement - Reimburse up to 70% of tuition expenses – Max \$1,500 per year Increased Language Skills Pay
Intermediate	\$100 per month									
Master	\$400 per month									
Intermediate	\$100/month									
Master	\$200/month									

2006 Total Compensation Study – Details of 3-Year Compensation Changes

Study Recommendations (3-Year Implementation)

YEAR TWO – FY2007-2008											
Police	Fire	Civilians									
<ul style="list-style-type: none"> • Compressed Steps <ul style="list-style-type: none"> ○ All pay steps became one year steps. Before the change, some were one year steps and others were two year steps. The ‘years’ indicates how long an employee stays in that step before being eligible to move to the next step. ○ Implemented in order to increase pay for newer officers more quickly • Added additional 5% step to pay schedule • Increased Certification Pay as follows: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th></th> <th>From</th> <th>To</th> </tr> </thead> <tbody> <tr> <td>Intermediate</td> <td>\$100</td> <td>\$200</td> </tr> <tr> <td>Master</td> <td>\$400</td> <td>\$500</td> </tr> </tbody> </table> • Added 10 year Retention Pay - \$3,000 one-time payment • Added Down Payment Assistance Program - \$6,000 one-time payment 		From	To	Intermediate	\$100	\$200	Master	\$400	\$500	<ul style="list-style-type: none"> • Compressed Steps • Added additional 5% step to pay schedule 	<ul style="list-style-type: none"> • Adjusted Salary Schedules as follows: <ul style="list-style-type: none"> ○ Grades A-E – Increased Max 2% ○ Grades F-K – Increased Min 3% ○ Grades L-P – Increased Min 3% ○ Grades Q & Up – Increased Min 3%
	From	To									
Intermediate	\$100	\$200									
Master	\$400	\$500									

2006 Total Compensation Study – Details of 3-Year Compensation Changes

Study Recommendations (3-Year Implementation)

YEAR THREE – FY2008-2009															
Police	Fire		Civilians												
<ul style="list-style-type: none"> • Added additional 5% step to pay schedule • Added Detective Assignment Pay - \$100 per month • Eliminated Graduation Incentive Pay - \$6,000 • Eliminated Incentive Pay for Completion of Probation - \$4,000 	<ul style="list-style-type: none"> • Added additional 5% step to pay schedule • Increased Certification Pay as follows: <table border="1"> <thead> <tr> <th></th> <th>From</th> <th>To</th> </tr> </thead> <tbody> <tr> <td>Intermediate</td> <td>\$100</td> <td>\$175</td> </tr> <tr> <td>Advanced</td> <td>\$100</td> <td>\$250</td> </tr> <tr> <td>Master</td> <td>\$200</td> <td>\$500</td> </tr> </tbody> </table>			From	To	Intermediate	\$100	\$175	Advanced	\$100	\$250	Master	\$200	\$500	<ul style="list-style-type: none"> • Adjusted Salary Schedules as follows: <ul style="list-style-type: none"> ○ Grades A-E – Increased Min 2% ○ Grades F-K – Increased Max 3% ○ Grades L-P – Increased Max 3% ○ Grades Q & Up – Increased Max 4%
	From	To													
Intermediate	\$100	\$175													
Advanced	\$100	\$250													
Master	\$200	\$500													

Details of Recent Staffing and Pay Changes

	Staffing	Pay
Police/Fire	<ul style="list-style-type: none"> Number of officers has increased since 2008 	<ul style="list-style-type: none"> October, 2010 - Begin Meet & Confer <ul style="list-style-type: none"> Pay reduction from: <ul style="list-style-type: none"> Five Mandatory City Leave days (aka "furloughs") Elimination of overtime in Police (officers received 'comp time' in lieu of overtime) Suspend Fire "Wellness Program" October, 2011 <ul style="list-style-type: none"> Partial pay restoration from elimination of two of the five Mandatory City Leave days April, 2012 <ul style="list-style-type: none"> Comp-time for overtime provision expires – Police officers can again begin earning overtime October, 2012 <ul style="list-style-type: none"> Final pay restoration from elimination of the three remaining Mandatory City Leave days 3% across-the-board pay increase April, 2013 <ul style="list-style-type: none"> Education Incentive Pay increases <u>Merit Increases</u> <ul style="list-style-type: none"> No Step increases for FY09/10; FY10/11; or FY11/12

Details of Recent Staffing and Pay Changes

	Staffing	Pay
Civilian Employees	<ul style="list-style-type: none"> • Three consecutive years of Reductions-in-Force • Since 2008: <ul style="list-style-type: none"> • Number of employees has decreased 19.3% 	<ul style="list-style-type: none"> • July & August, 2009 <ul style="list-style-type: none"> • Pay reduction via two furlough days • October, 2009 <ul style="list-style-type: none"> • Pay reduction via five furlough days • October, 2010 <ul style="list-style-type: none"> • Pay reduction from: <ul style="list-style-type: none"> • Five Mandatory City Leave days • Additional pay reduction of 0%, 2%, or 3%, based on salary • October, 2011 <ul style="list-style-type: none"> • Partial pay restoration from the elimination of four Mandatory City Leave days • May, 2012 <ul style="list-style-type: none"> • Partial pay restoration via restoration of 2% & 3% cuts • October, 2012 <ul style="list-style-type: none"> • Final pay restoration via elimination of remaining four Mandatory City Leave days • <u>Merit Increases</u> <ul style="list-style-type: none"> • No merit increases for FY09/10; FY10/11; or FY11/12