

# ***Washoe County***

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## ***Classification and Compensation Project (WERCCS)***

### ***Final Report***

***July, 2001***

**HayGroup**

# *Prepared By*

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July, 2001

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# ***Project Background and Objectives***

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## **Background**

- A significant number of years had passed since the County last undertook a comprehensive classification and compensation study.
- With the growth in the number of positions and employees in the County, the County was concerned that the current classification and compensation practices were no longer appropriate for today's business environment.
- In addition, the current classification process was based on whole job ranking and that process did not provide the County with the "language" to be able to explain to employees in a logical, defensible manner why their position was placed in a particular pay range.

# ***Project Background and Objectives (cont'd)***

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## **Objectives**

- Against that background, the WERCCS project has been focused on partnering with the County to achieve the following:
  - ◆ reviewing the existing classification structure and allocation of employees to classifications;
  - ◆ measuring job content to ensure that classifications are appropriately ranked and graded;
  - ◆ gathering reliable data in order to develop a credible and affordable compensation structure;
  - ◆ analyzing internal equity and external competitiveness;
  - ◆ establishing internal capability to manage the plan on an ongoing basis; and
  - ◆ ensuring a high probability of acceptance of the results of the project by all key stakeholders.

# ***Project Process***

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The project process could have not been undertaken, nor the outcomes achieved, without an active partnership between the County and the Hay Group. Steps that were undertaken included:

- Project Planning
- Project Communications on a regular basis
  - ◆ information lunch sessions
  - ◆ newsletters
  - ◆ employee briefings
  - ◆ payroll stuffers
  - ◆ e-mails
- Project Management
  - ◆ the formation of the Project Steering Committee
  - ◆ regular interaction with County Management

## ***Project Process (cont'd)***

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- Review of Job Documentation by all employees
- Formation of Job Classification and Evaluation Committee
- Training of the Job Classification and Evaluation Committee
- Evaluation of all positions covered by the scope of the project, using the Hay method of job evaluation, the most widely used method of measuring work content in the world
- Review of outstanding reclassification requests
- Definition of market for compensation survey purposes
- Conduct of salary and benefits survey
- Analysis of salary and benefits data

## ***Project Process (cont'd)***

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- Collection of current employee data
- Development of grade structure
- Development of salary structures
- Assessment of fiscal impact of proposed grade and salary structures
- Preparation and presentation of preliminary reports
- Communication of preliminary project outcomes to the Board, Managers and employees
- Development of a Request for Review process
- Initial consideration of Classification and Job Evaluation Requests for Review by the Classification and Job Evaluation Committee



## ***Project Process (cont'd)***

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- Consideration of Pay Range Requests for Review by Hay
- Final consideration of Classification and Job Evaluation Requests by Hay
- Development of implementation scenarios by the County
- Presentation of the project outcomes to the Board of County Commissioners in March 2001 for adoption
- Adoption and implementation of the project outcomes
- Development of plan administration policies and procedures

## ***Project Process (cont'd)***

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- As previously noted, this project has been a partnership. At the risk of overlooking the contribution of an employee or employees to this project, Hay wants to place on record the contribution made by the members of the Project Steering Committee and the Classification and Job Evaluation Committee. Without their input, dedication and hard work, this project would not have occurred.
- In addition, the staff of the Human Resources Department have been untiring in their efforts of reviewing accuracy of data, reviewing and sorting documentation, preparing communications, scheduling meetings and the like.

# ***Project Process (cont'd)***

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## **Members of the Project Steering Committee**

Mark Gregersen, County Manager's Office

Eileen Coulombe, Health Department

Laura Bielser, Public Defender's Office

Judy Barbaria, General Services

Charlene Vinella, Human Resources

Donna Cambra, District Attorney's Office

Ginny Dillon, Assessor's Office

Annie Cain, County Clerk's Office

Mike Cavalli, Sheriff's Office

Dick Gammick, District Attorney's Office

Steve Watson, County Manager's Office

Melody Ballard, Library

## ***Project Process (cont'd)***

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### **Members of the Classification and Job Evaluation Committee**

Mary Ann Woolley, Juvenile Services

Trish Gonzales, Comptroller's Office

Joanne Ray, Human Resources

Lisa Gianoli, Finance Division

Maureen Griswold, District Attorney's Office

Ron Kilgore, Community Development

Theresa Wilkins, Assessor's Office

Brett Steinhardt, Telecommunications

Alice Maez, District Attorney's Office

Karen Kay, Social Services

Leonard Crowe, Water Resources

Darlene Cunningham, Health Department

## ***Project Process (cont'd)***

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### **Alternate Members of the Classification and Job Evaluation Committee**

Kimble Corbridge, Public Works

Pat Fager, Public Defender's Office

Brenda Baxter, Library

Pat O'Hair, Assessor's Office

Lana Berry, Public Administrator's Office

Chuck Ingraham, General Services

Gary Kraemer, Comptroller's Office

Michelle Kling, Health Department

Ray Sibley, Risk Management

Carol Galantuomini, Juvenile Services

# Job Evaluation

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Hay evaluated the County's jobs based on the Hay Guide Chart-Profile Method of Job Evaluation, which takes the following factors into account:

1. **Know-How:** The sum total of every kind of skill, however acquired, required for fully competent job performance.
  - ✓ Know-How Depth
  - ✓ Managerial Breadth
  - ✓ Human Relations Skill
2. **Problem Solving:** The original, self-starting thinking required by the job to identify, define and resolve problems.
  - ✓ Thinking Environment
  - ✓ Thinking Challenge
3. **Accountability:** The measured effect of the job on end results.
  - ✓ Freedom to Act
  - ✓ Magnitude
  - ✓ Impact of Job on End Results

## ***Job Evaluation (cont'd)***

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**Additional Compensable Elements:** The extent to which the job faces unavoidable environmental setting issues such as:

- Physical Effort
  - ◆ Occasional, intermittent or constant handling of light, medium, or heavy weight materials in normal to difficult work positions or unusual circumstances which result in physical exertion.
- Environmental
  - ◆ Occasional, intermittent or constant exposure to objectionable or noxious conditions such as dirt, dust, fumes/gases, extreme temperature, moisture, odors, noise which results in physical discomfort.
- Hazards
  - ◆ Occasional, intermittent or constant exposure to mechanical, electrical, chemical, biological, or physical factors which involve risks of accident, personal injury health impairment or death.
- Sensory Attention
  - ◆ Occasional, intermittent or constant requirements for concentrated levels of sensory attention, including seeing, hearing, smelling, tasting, touching which may vary in intensity, duration or frequency.

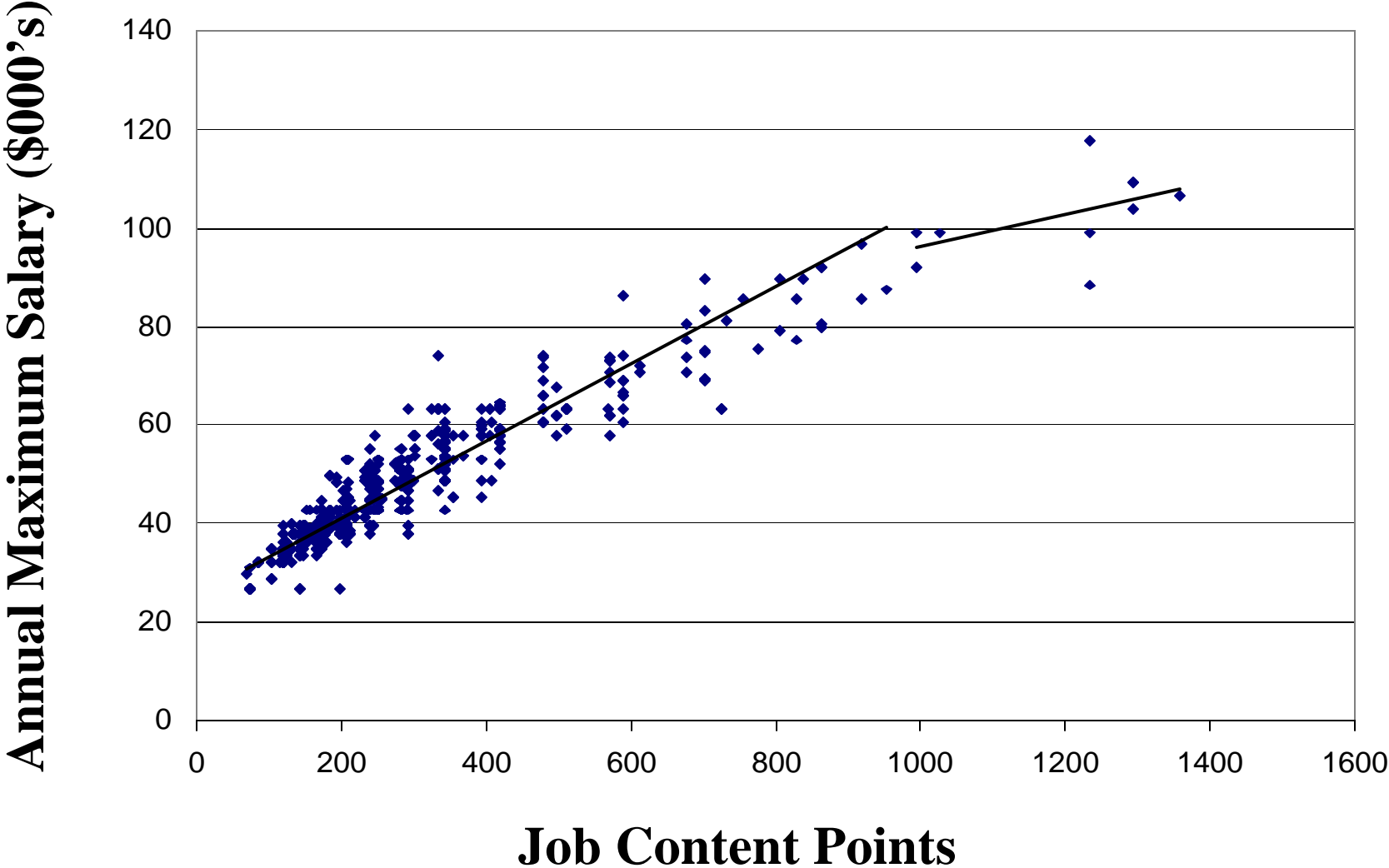
# ***Internal Equity***

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- Internal Equity is an analysis of how positions and employees are paid relative to each other based on a comparison of job content. Given that there are 14 bargaining units covered by this project and they do not all have the same salary structure, we would expect to see some internal equity dispersion.
- Set out on the following page is an analysis of internal equity.
- In analyzing this data, we look at two issues:
  - ◆ horizontal dispersion - the same pay for jobs of different job size; and
  - ◆ vertical dispersion - the range of pay for jobs of the same size.



# Internal Equity Analysis



# External Competitiveness

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- While classification and job evaluation is concerned with creating appropriate internal equity *within* the County, external competitiveness is concerned with defining the appropriate market and setting rates of pay that will enable the County to attract and retain the quantity and caliber of employee it needs to fulfill its mission statement.
- To meet that objective, the following steps in this project component have been undertaken:
  - ◆ Developed a benchmark sample of positions to be used for comparative analysis.
  - ◆ Agreed with the County the constituency of the comparator organizations, both public and private sector, and in the appropriate geographic region.

## ***External Competitiveness (cont'd)***

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- ◆ Analyzed the current salary structures:
  - This showed that there are currently 14 different salary structures for 14 separate bargaining units. In addition, the spread of salary range from minimum to maximum of the range varies from structure to structure.
- ◆ Analyzed the market data collected both in terms of actual salaries and range data. A summary of the salary survey data utilized in the setting of the recommended salary structures as set out in the recommendations section of this report is set out in Appendix B of this report. The data set out in Appendix B is with effect July 1, 1999 in order to meet the County's requirement for the salary structure recommendations effective July 1, 1999 to be developed. The County subsequently moved the recommended July 1, 1999 ranges forward based on its negotiation process.
- ◆ Analyzed the benefits data to determine the extent to which the recommended salary ranges should be impacted by the level of competitiveness of the benefits practice.

## ***External Competitiveness - Base Salary***

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- Data was received from 21 of the organizations invited to participate in the survey. A list of those who were invited to participate in the survey and those who responded is listed in Appendix A. The respondents are marked by a check (✓). Local Government accounted for approximately 75% of the respondents. In analyzing the data, there was sufficient data to be able to do data cuts such as:
  - ◆ Total sample
  - ◆ In-state Nevada data
  - ◆ Non-Nevada employers
  - ◆ Local Government
  - ◆ Other Organizations
- General Findings include:
  - ◆ Overall, Washoe County salary structure and practice approximates the average against the comparative market, with the level of competitiveness being greatest at the lower end positions and the trades positions.

## ***External Competitiveness - Base Salary (cont'd)***

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- ◆ There is not a significant variance in pay practice between the various market segments as listed on the previous page.
- ◆ The average salary range width for Local Government respondents was 33%, which was in line with Washoe County's typical salary structure.

# ***External Competitiveness - Benefits***

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## ***Benefits Analysis***

### **Programs Covered by the Report**

- The benefit study includes an analysis in the form of a prevalence of practice report. This report documents benefit plan design details for all major benefit areas and compares Washoe County's benefit program to the plans of the survey participants. Please note that some of the participants did not provide complete data for all of the benefit programs surveyed.
- The benefit areas covered by this report are the key benefit programs on the following page, which are provided by one or more of the comparator organizations. Not all of these are provided by Washoe County.

# ***External Competitiveness - Benefits (cont'd)***

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## **Benefit Programs**

- Death Benefits (Basic, AD&D, Retiree, Supplemental and Dependent Life Insurance Policies)
- Disability Plans (Sick Leave, Salary Continuance, Long-Term Disability)
- Health Insurance (Medical, Dental, Prescription Drug, Vision Care)
- Retirement Program (Defined Benefit or Defined Contribution Plans)
- Time-Off (Holidays and Vacations)
- Flexible Benefits (Medical Reimbursement Accounts, Dependent Care Accounts, Premium Conversion Plans)
- Other Employee Benefits (EAP, Tuition Reimbursement, Commuting Assistance, etc.)

# External Competitiveness - Benefits (cont'd)

The table below contains a summary of the competitive ranking of Washoe county's benefit program:

## OVERALL FINDINGS WASHOE COUNTY'S BENEFIT PROGRAM COMPETITIVE RANKING

■ Death Benefits	Below Median – Median
■ Disability Plans	Slightly Below Median
■ Health Insurance	Median
■ Retirement Program	Median
■ Time Off (Holidays/Vacation)	Median
■ Flexible Benefits	Below Median
■ Other Benefits	Median
<b>TOTAL PACKAGE</b>	Slightly Below Median





# Recommendations

## Recommended Grade Structure

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- For an organization of the size of Washoe County, ease of administration of the classification and compensation plan is enhanced if a grade structure is adopted. In addition, it is important that this grade structure is based on the principles of *job evaluation used to measure and differentiate job content*. One of the principle concerns of the County in undertaking this project is that it did not have an objective and defensible method for placement of positions into grades. The adoption of the recommended grade structure will enable this to occur not only for the implementation of the project but for the ongoing administration of the plan.
- Accordingly, set out on the following page is the recommended grade structure. Each position is assigned to a grade based on the total job evaluation points.

# Recommended Grade Structure (cont'd)

Grade	Minimum	Midpoint	Maximum
Z	1349	1433	1517
Y	1200	1273	1348
X	1067	1132	1199
W	949	1006	1066
V	843	895	948
U	750	795	842
T	666	707	749
S	592	628	665
R	527	558	591
Q	468	496	526
P	416	441	467
O	370	392	415
N	329	349	369
M	292	310	328
L	260	275	291
K	231	245	259
J	205	218	230
I	183	193	204
H	162	172	182
G	144	153	161
F	128	136	143
E	114	121	127
D	101	107	113
C	90	95	100
B	80	85	89
A	Less than 80 total points		

# ***Recommended Salary Structures***

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- As set out on pages 18 and 19 of this report, in order to be able to develop recommended salary structures for Washoe County, Hay undertook the following steps:
  - ◆ developed a benchmark sample of positions to be used for comparative analysis;
  - ◆ agreed with the County the constituency of the comparative market organizations, both public and private sector, and in the appropriate geographic region;
  - ◆ analyzed the current salary structures;
    - this showed that there are currently 14 different salary structures for 14 separate bargaining units. In addition, the spread of salary range from minimum to maximum of the range varies from structure to structure;
  - ◆ analyzed the market data collected, both in terms of actual salaries and range data;

## ***Recommended Salary Structures (cont'd)***

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- ◆ analyzed the benefits data to determine the extent to which the recommended salary ranges should be impacted by the level of competitiveness of the benefits practice; and
- ◆ acknowledged the Compensation Philosophy statement adopted by the Board, part of which stated that the County would set its compensation policy position at the average of the comparative market.

## ***Recommended Salary Structures (cont'd)***

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- In establishing recommended salary structures, it is very important to understand two key concepts:
  - ◆ Internal equity
  - ◆ External competitiveness
- A pragmatic and practical approach to the creation of a salary structure is based on the appropriate balance of these two important principles.
- Our analysis shows that three salary structures can be developed to cover all the different bargaining unit salary schedules that currently exist. These salary structures are:
  - ◆ management
  - ◆ attorneys
  - ◆ all other positions

## ***Recommended Salary Structures (cont'd)***

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- Based on our analysis, we recommend that Washoe County adopt a grade and salary structure that incorporates the concept of a *job content grade* and a *pay grade*. For the vast majority of positions, these two grades will be the same. However, the market does not pay all jobs of the same content the same. There are some positions which, while they belong in the same grade as others based on job content, the market is paying them a premium over others of the same job content. Examples include some Information Technology positions, some Engineering positions, and some specialty skills, such as Toxicology.

## ***Recommended Salary Structures (cont'd)***

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- In the agreement between the County and its bargaining units that established the parameters of this project, it was agreed that the effective date of implementation of the results of this project would be July 1, 1999.
- Accordingly, Hay proposed the salary structures as set out on the following pages, with effect July 1, 1999. In making these recommendations, Hay recognized that not all bargaining units had agreed to the implementation of the recommended salary structures at the time that the Board adopted the structures for WCEA and Management positions.
- It should be noted that the July 1, 1999 ranges were then increased by the County as a result of the negotiation process with its respective bargaining units.



# Recommended Salary Structures (cont'd)

Proposed Salary Structure Positions Grade T and above		
Grade	Minimum	Maximum
Z	\$80,821	\$115,459
Y	\$77,125	\$110,187
X	\$72,385	\$103,407
W	\$68,166	\$97,380
V	\$64,411	\$92,016
U	\$61,069	\$87,242
T	\$58,095	\$82,995

M - Manager  
(excluding Attorneys)

# Recommended Salary Structures (cont'd)

Proposed Salary Structure Bargaining Unit C,K,N,O,P,W,Y,M		
Grade	Minimum	Maximum
S	\$57,610	\$74,893
R	\$53,677	\$69,780
Q	\$50,202	\$65,263
P	\$47,107	\$61,239
O	\$44,349	\$57,654
N	\$41,911	\$54,485
M	\$39,737	\$51,659
L	\$37,799	\$49,139
K	\$35,376	\$45,988
J	\$33,201	\$43,161
I	\$31,274	\$40,656
H	\$29,560	\$38,427
G	\$28,033	\$36,443
F	\$26,678	\$34,681
E	\$25,154	\$32,700
D	\$23,798	\$30,937
C	\$22,591	\$29,368
B	\$21,520	\$27,976
A	\$21,035	\$27,345

Current Bargaining Unit (Grades S and Below)

C - Confidential

K - Court

N - Non-Supervisory Nurses

O - Supervisory Nurses

P - Juvenile Services

W - WCEA Non-Supervisory

Y - WCEA Supervisory

# Recommended Salary Structures (cont'd)

Proposed Salary Structure Bargaining Unit A, CA, CI, I		
Grade	Minimum	Maximum
W	\$76,795	\$111,352
V	\$70,296	\$101,929
U	\$64,512	\$93,542
T	\$59,364	\$86,078
S	\$58,840	\$79,434
R	\$54,461	\$73,522
Q	\$50,592	\$68,300
P	\$47,146	\$63,647
O	\$44,076	\$59,503
N	\$41,362	\$55,838
M	\$38,941	\$52,571
L	\$36,783	\$49,658
K	\$34,873	\$47,079
J	\$33,169	\$44,778
I	\$31,659	\$42,740
H	\$30,315	\$40,925
G	\$29,118	\$39,310

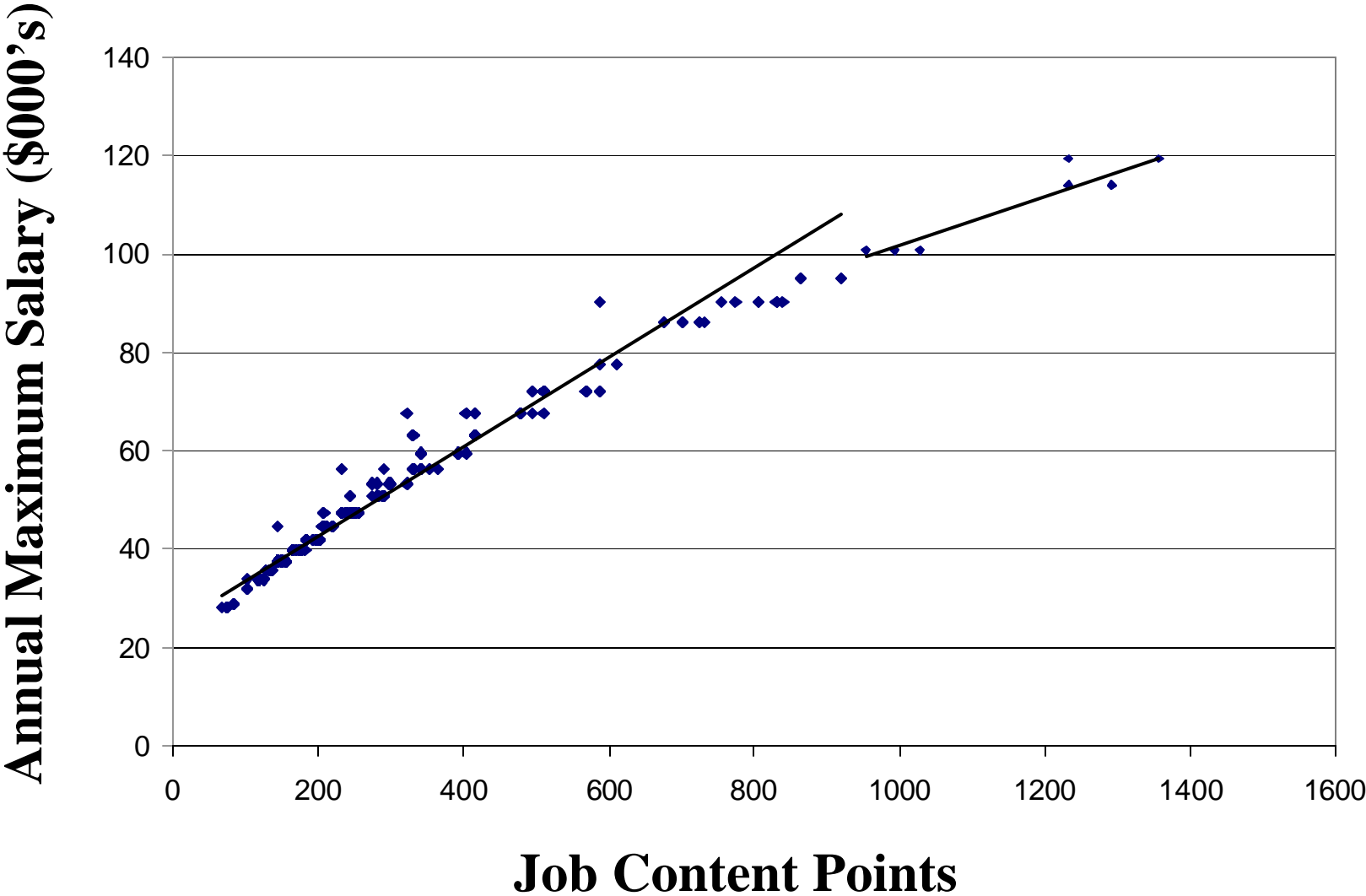
Current Bargaining Units  
 A - Attorneys  
 CA - Confidential Attorneys  
 CI - Chief Investigator  
 I - D.A. Investigators

# ***Impact of Adoption of Grade and Salary Structure on Internal Equity***

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- As stated on page 26, one of the principle concerns of the County in undertaking this project was that it did not have an objective and defensible method for placement of positions into grades. Page 17 shows the current “before implementation” picture of internal equity in the County.
- The adoption of the recommended grade structure and the recommended salary ranges will enable the County to create a more effective balance between internal equity and external competitiveness. The chart on the following page shows the “after implementation” picture of internal equity.

# Impact of Adoption of Grade and Salary Structure on Internal Equity (cont'd)



## ***Fiscal Impact***

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- As part of the preliminary report presented to the Board on September 25, 2000, Hay provided the Board with a preliminary estimate of the fiscal impact of the proposed ranges, effective July 1, 1999.
- Based on the allocation of employees to positions and positions to the proposed salary ranges, the sum of salaries for employees who will fall below the minimum of the proposed ranges is \$1,224,672, while the sum of salaries for employees who will fall above the maximum of the proposed ranges is \$1,171,990.
- These numbers are **1.48%** and **1.42%** respectively of the current total regular hour annual salary payroll of employees covered by the scope of this project.

## ***Fiscal Impact (cont'd)***

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- The number of employees who fall below the minimum of the proposed salary ranges is **414** while the number of employees who are above the maximum of the proposed ranges is **419**.
- These numbers are **19.71%** and **19.95%** respectively of the total number of employees who are covered by the scope of this project.
- During the bargaining process completed with the WCEA in the fall of 2000, there was agreement that salary ranges effective July 1, 1999 would be increased by 3.5% to be effective July 1, 2000.
- Accordingly, Hay projected the recommended July 1, 1999 ranges by 3.5%.

## ***Fiscal Impact (cont'd)***

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- Based on the proposed July 1, 2000 ranges, the below range minimum cost is \$1,866,786 and the above range maximum cost is \$653,964. These numbers are **2.26%** and **0.80%** respectively of the current total regular hour annual salary payroll of employees covered by the scope of this project.
- The number of employees who fall below the minimum of the proposed salary ranges is **524** while the number of employees who are above the maximum of the proposed ranges is **256**.



## ***Fiscal Impact (cont'd)***

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How do these numbers compare to the norm that Hay finds when undertaking a project such as this?

- At an introductory information session with the Board *prior* to the commencement of the project, the question was asked “how many employees do you typically find are underpaid or overpaid when you do a project like this?” My response was that it varied depending on how long it was since such a study had been conducted but as a ballpark indicator, Hay typically found that 60% of employees were appropriately paid, 20% were underpaid based on relativity of job content comparison and 20% were well paid, based on relativity of job content. The numbers shown on the previous pages, based on the July 1, 1999 ranges, show that the results of this study are consistent with that norm.

## ***Fiscal Impact (cont'd)***

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- In addition, the required expenditure of less than 2.0% of payroll, effective July 1, 1999, is less than the norm that we typically find to implement the results of such a study and shows that the salary practice of the County has, on a macro basis, been in line with its chosen comparative markets. It is the opinion of Hay that the reason the majority of positions fall below the minimum of the proposed ranges is that the previous whole job ranking process used by the County for classification purposes *undervalued*, on an *internal equity* basis, the relative job content of the position.
- Since those preliminary numbers were provided to the Board, the request for review process resulted in a number of changes to position-to-grade allocations and some additional premium pay grade allocations.

## ***Fiscal Impact (cont'd)***

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- As part of that process, it was agreed that while the County would address the movement of employees who were below the recommended range minimums to range minimum, the County would also continue to provide for merit increases for employees who were above range maximum.
- Accordingly, the overall fiscal impact was provided to the Board as part of the presentation at the March 27, 2001 Board meeting at which the new Classification and Compensation plan was adopted.

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## **APPENDIX A**

# **SALARY COMPARISON ORGANIZATIONS**

# Salary Comparison Organizations

Organization	
Carson City	✓
City of Henderson	✓
City of Las Vegas	✓
City of Reno	✓
Sparks City	✓
Clackamas County	
Clark County-WA	✓
Clark County	✓
County of Monterey	
County of Santa Cruz	✓
County of Tulare	✓
Lane County	
Marin County	✓
Marion County	
Placer County	✓
Sacramento County	✓
San Joaquin County	
Snohomish County	✓
Solano County	✓
Sonoma County	

Organization	
Spokane County	✓
Washington County	
State of California	
State of Nevada	✓
Airport Authority	✓
Regional Transportation Commission	✓
Reno-Sparks Convention Authority	
Sierra Pacific Power	✓
Truckee Meadows Community College	
University of Nevada, Reno	✓
Washoe County, School District	✓
El Dorado Hotel and Casino	
Granite Construction Company	
International Game Technology	
Nevada Bell	
Reno Hilton	
St. Mary's Hospice Northern Nevada	
Summit Engineering Corp.	
Washoe Medical Center	✓

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## **APPENDIX B**

# **SUMMARY OF COMPARATIVE MARKET SALARY DATA**

## ***Summary of Comparative Market Salary Data***

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Set out in Appendix B is a summary of the comparative market data that was used in the development of the recommended salary structures. In reading this data, the following should be noted:

- the data is with effect July 1, 1999;
- the column headed Base Average is the average of actual salary being paid to the incumbents of the benchmark position;
- the column headed Range Minimum is the average of the range minimum for the benchmark position;
- the column headed Range Maximum is the average of the range maximum for the benchmark position; and
- The symbol \*\* indicates that there was either insufficient data to provide a comparison or a lack of appropriate job content match.