

To: Finance Committee  
From: Mark Stevens  
Date: March 11, 2024  
RE: 2024 Compression Review

Salary compression exists when there is an unacceptable difference in salary between a supervisor and a direct subordinate.

From Employee Handbook:

Once the City has determined there is a compression issue, the City will review the differences in total gross wages between the supervisor and subordinate positions. If it is determined the gross wages of the supervisor is not sufficient to compensate for the wage compression and the City has determined the best course of action is a pay raise for the supervisor, the City will calculate an acceptable base pay differential between the exempt supervisory position and the average gross earnings of the subordinates the supervisor supervises.

Average gross earnings of subordinate employees at the top of their pay range will be calculated excluding outliers such as an employee with a much greater amount of overtime than others or an employee new to the position and not yet at the maximum of that pay grade. Using this average, a rate will be calculated as one hundred eight percent (108%) of the average gross pay and the employee will be placed at the next step that provides an increase. At the City's discretion, one of two actions will be available:

- Adjust the employee's pay upward in the range if the current pay grade range allows for sufficient earnings growth consistent with the intent of the compensation plan. If this is not possible, the City may consider the second option.
- Adjust the position up one pay grade temporarily and only while compression conditions are still causing a problem. All documents and communications are retained to reflect temporary assignment of the position and the earnings differential situation will be analyzed every year. If conditions change such that the actual pay grade provides an adequate differential and opportunity for sufficient earnings growth, these positions will be moved back to their correct grade.

I have reviewed the 2023 wage/OT calculations and the 2024 wages for any 2024 compression between supervisor and subordinate positions. I am providing this summary for your knowledge.

## **Fire Department**

### Battalion Chief

The 2024 assigned pay rate is **N7Adj** [\$31.0294 (incl Par Prem) or 29.89]. Taking into consideration the 2023 OT for LTs and BCs, this pay rate is projected to be 1.6% higher than LTs. The pay rate will need to adjust to **N10Adj** [\$33.2194 (incl Par Prem) or \$32.08]. The BCs are Chad Butler, Chad Butzine, and Bradley Fox.

The additional cost for fire department compression is estimated to be \$20,184 for 2024.

## **Police Department**

### Sergeant

The 2024 assigned pay rate is **M6** [\$39.07]. Taking into consideration the 2023 OT for officers and sergeants, this pay rate is projected to be 6.1% higher than officers. The pay rate will need to adjust to **M7** [\$40.04]. The sergeants are Laura Bohlman, Pedro Gallegos, Jeremy Lingle, and Michael Roehl.

### Captain

Because of the increase in overtime at rank of sergeant, compression now exists for Captains Jonathan Caucutt and Jeffrey Meloy. The 2024 assigned pay rates are **P4** [\$43.10] for Caucutt and **P5** [\$44.24] for Meloy. The pay rate will need to adjust to **P7** [\$46.50] for both captains.

### Assistant Chief

The 2024 assigned pay rate is **Q5** [\$46.44] for Ben Olsen. An increase for the captains causes compression for this position. The pay rate will need to adjust to **Q8** [\$50.02] for the assistant chief.

### Chief

The 2024 assigned pay rate is **T2** [\$49.00] for Dave Brower. An increase for the assistant chief causes compression for this position. The pay rate will need to adjust to **T6** [\$54.44] for the chief.

The additional cost for police department compression is estimated to be \$39,153 for 2024.

The pay adjustments will include a retroactive calculation for all checks paid in 2024 through the remainder of the year. Compression adjustments are considered temporary assignments to a higher grade/step. A new-year calculation will be conducted in early 2025, incorporating any approved changes in the pay table, to determine what adjustments might be required for 2025.

I have discovered that estimates of the added costs of compression have not been included in the annual budget calculations, but I have made a note in our files to incorporate a figure in the future.



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### CITY OF WATERTOWN

PAY TABLE EFFECTIVE: 1/1/2024 - HOURLY FORMAT (2080 HOURS)

1.50% COLA increase from 2023

Grade	Control Point										
	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10	Step 11
Y	\$66.51	\$68.41	\$70.31	\$72.21	\$74.11	\$76.01	\$77.91	\$79.81	\$81.71	\$83.61	\$85.52
X	\$62.53	\$64.32	\$66.11	\$67.89	\$69.68	\$71.47	\$73.25	\$75.04	\$76.83	\$78.61	\$80.40
W	\$58.56	\$60.24	\$61.91	\$63.58	\$65.26	\$66.93	\$68.60	\$70.28	\$71.95	\$73.62	\$75.30
V	\$54.59	\$56.15	\$57.71	\$59.27	\$60.83	\$62.39	\$63.95	\$65.51	\$67.07	\$68.63	\$70.19
U	\$50.62	\$52.07	\$53.52	\$54.96	\$56.41	\$57.86	\$59.30	\$60.75	\$62.19	\$63.64	\$65.09
T	\$47.64	\$49.00	\$50.36	\$51.72	\$53.08	\$54.44	\$55.81	\$57.17	\$58.53	\$59.89	\$61.25
S	\$45.66	\$46.96	\$48.27	\$49.57	\$50.88	\$52.18	\$53.49	\$54.79	\$56.09	\$57.40	\$58.70
R	\$43.68	\$44.93	\$46.17	\$47.42	\$48.67	\$49.92	\$51.17	\$52.41	\$53.66	\$54.91	\$56.16
Q	\$41.68	\$42.87	\$44.06	\$45.25	\$46.44	\$47.63	\$48.82	\$50.02	\$51.21	\$52.40	\$53.59
P	\$39.70	\$40.83	\$41.97	\$43.10	\$44.24	\$45.37	\$46.50	\$47.64	\$48.77	\$49.91	\$51.04
O	\$37.72	\$38.80	\$39.87	\$40.95	\$42.03	\$43.11	\$44.18	\$45.26	\$46.34	\$47.42	\$48.50
N	\$35.72	\$36.74	\$37.76	\$38.78	\$39.80	\$40.82	\$41.84	\$42.86	\$43.89	\$44.91	\$45.93
N (2912 Hrs) Battalion Chief	\$25.52	\$26.24	\$26.97	\$27.70	\$28.43	\$29.16	\$29.89	\$30.62	\$31.35	\$32.08	\$32.81
M	\$33.74	\$34.70	\$35.67	\$36.63	\$37.60	\$38.56	\$39.52	\$40.49	\$41.45	\$42.42	\$43.38
M (2053 Hrs) Sgt	\$34.18	\$35.16	\$36.14	\$37.11	\$38.09	\$39.07	\$40.04	\$41.02	\$42.00	\$42.97	\$43.95