

To: Finance Committee
From: Mark Stevens
Date: March 13, 2023
RE: 2023 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 2022 compression calculations and the 2023 wages for any 2023 compression between supervisor and subordinate positions.

Building Inspection

The Zoning Admin position was reclassified from Grade M to N. After the initial hiring probation period has finished, there will be no compression issues for Brian Zirbes. No change in Brian's wages is warranted outside of the end-of-probation modification.

Engineering/Public Works

The Public Works position was moved from **T4** to **T5** in 2022 due to compression. The calculation of the current subordinate managers' average gross earnings doesn't require a compression adjustment in 2023. The pay **T5** is appropriate for Jaynellen Holloway. No change in Jaynellen's pay will be made.

Fire Department

Battalion Chief

Due to reductions in LT overtime in 2022, the Battalion Chiefs' average 2022 wage (with overtime) will no longer require a compression adjustment in 2023. The pay rate of **N5Adj** in 2022 was adjusted to **N9Adj**. The 2023 pay rate of **N6Adj** is now acceptable for Chad Butler, Chad Butzine, and Bradley Fox. A pay decrease from **N9Adj** [\$30.88/hr or \$31.9651/hr] to **N6Adj** [\$28.73/hr or \$29.8151/hr] will impact the next check.

FD Deputy Chief

In 2022, compression altered Anthony Rauterberg's assigned G/S from **Q2** to **Q6**. The 2023 assigned G/S would be **Q3**. Due to the 2022 Battalion Chief's pay with overtime, compression exists for 2023. The 2023 assigned Grade/Step = **Q3** [\$44.9291/hr] will be altered to Grade/Step = **Q4** [\$46.0991/hr] (incl \$1.5191 Par Prem). A pay decrease from **Q6** [\$48.4491/hr] to **Q4** will impact the next check.

Police Department

Sergeant

An increase in the average overtime in 2022 was more than the average overtime for officers. There is no compression in 2023. The pay rate of **M4Adj** in 2022 was adjusted to **M5Adj**. The 2023 pay rate of **M5Adj** is now acceptable for Laura Bohlman, Jonathan Caucutt, Pedro Gallegos, and Michael Roehl. No change in pay rates will be made.

Captain

Because of the increase in overtime at rank of sergeant, compression now exists for Captains David Brower and Jeffrey Meloy. Assigned Grade/Step = **P4** [\$42.47/hr] and new Grade/Step = **P5** [\$43.58/hr]. The pay adjustments should include a retroactive calculation for all checks paid in 2023 through the remainder of the year.

Assistant Chief

In 2022, compression altered Ben Olsen's assigned G/S from **Q3** to **Q4**. The 2023 assigned G/S would be **Q4**. An increase for the captains causes compression for Assistant Chief. Assigned Grade/Step = **Q4** [\$44.58/hr] and new Grade/Step = **Q5** [\$45.76/hr]. The pay adjustments should include a retroactive calculation for all checks paid in 2023 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 2024, incorporating any approved changes in the pay table, to determine what adjustments might be required for 2024.



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|--|---------|---------|---------|---------|---------------|---------|---------|------------------------------|---------|---------|---------|
| CITY OF WATERTOWN | | | | | | | | | | | |
| PAY TABLE EFFECTIVE: 1/1/2023 - HOURLY FORMAT (2080 HOURS) | | | | | | | | 1.5% COLA increase from 2022 | | | |
| | | | | | | | | | | | |
| | | | | | Control Point | | | | | | |
| Grade | Step 1 | Step 2 | Step 3 | Step 4 | Step 5 | Step 6 | Step 7 | Step 8 | Step 9 | Step 10 | Step 11 |
| T | \$46.94 | \$48.28 | \$49.62 | \$50.96 | \$52.30 | \$53.64 | \$54.98 | \$56.32 | \$57.66 | \$59.00 | \$60.35 |
| S | \$44.98 | \$46.27 | \$47.55 | \$48.84 | \$50.12 | \$51.41 | \$52.70 | \$53.98 | \$55.27 | \$56.55 | \$57.84 |
| R | \$43.03 | \$44.26 | \$45.49 | \$46.72 | \$47.95 | \$49.18 | \$50.41 | \$51.64 | \$52.87 | \$54.10 | \$55.33 |
| Q | \$41.06 | \$42.24 | \$43.41 | \$44.58 | \$45.76 | \$46.93 | \$48.10 | \$49.28 | \$50.45 | \$51.62 | \$52.80 |
| P | \$39.11 | \$40.23 | \$41.35 | \$42.47 | \$43.58 | \$44.70 | \$45.82 | \$46.94 | \$48.05 | \$49.17 | \$50.29 |
| O | \$37.16 | \$38.22 | \$39.28 | \$40.35 | \$41.41 | \$42.47 | \$43.53 | \$44.59 | \$45.66 | \$46.72 | \$47.78 |
| N | \$35.19 | \$36.20 | \$37.20 | \$38.21 | \$39.21 | \$40.22 | \$41.23 | \$42.23 | \$43.24 | \$44.24 | \$45.25 |
| N (2912 Hrs) Battalion Chief | \$25.14 | \$25.86 | \$26.58 | \$27.29 | \$28.01 | \$28.73 | \$29.45 | \$30.17 | \$30.88 | \$31.60 | \$32.32 |
| M | \$33.24 | \$34.19 | \$35.14 | \$36.09 | \$37.04 | \$37.99 | \$38.94 | \$39.89 | \$40.84 | \$41.79 | \$42.74 |
| M (2053 Hrs) Sgt | \$33.68 | \$34.64 | \$35.60 | \$36.57 | \$37.53 | \$38.49 | \$39.45 | \$40.41 | \$41.38 | \$42.34 | \$43.30 |