

# City of Calistoga

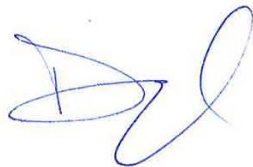
## Staff Report

**TO:** Honorable Mayor and City Council  
**FROM:** Dylan Feik, City Manager  
**DATE:** February 20, 2018  
**SUBJECT:** Consideration of a Resolution to enter into a Professional Services Agreement with Koff & Associates to conduct a Limited Classification and Total Compensation Study in an amount not to exceed \$22,490

---

---

APPROVAL FOR FORWARDING:



---

Dylan Feik, City Manager

---

---

1  
2 **ISSUE:** Consideration of a Resolution to enter into a Professional Services Agreement  
3 with Koff & Associates to conduct a Limited Classification and Total Compensation Study  
4 in an amount not to exceed \$22,490.

5  
6 **RECOMMENDATION:** Adopt Resolution.

7  
8 **BACKGROUND/DISCUSSION:** On September 16, 2014 the City Council adopted  
9 Resolution 2014-077 to conduct a comprehensive classification and compensation study  
10 through the firm of Koff & Associates recognizing the changes in business, organizational  
11 and employment conditions. The study was precipitated by several factors:

- 12  
13
- 14 • The concern of management and the employee groups that employees should be  
15 recognized for the level and scope of work performed and that they are paid on a  
16 fair and competitive basis that allows the City to recruit and retain a high-quality  
17 staff.
  - 18 • To ensure that class descriptions reflect current programs, responsibilities and  
technology

- 19 • The desire to have a classification and compensation plan that can meet the  
20 needs of the City
- 21 • The desire to ensure that internal relationships of salaries are based upon  
22 objective, non-quantitative evaluation factors, resulting in equity across all City  
23 departments

24  
25 On May 5, 2015 City Staff brought back to the City Council the results of the Koff Study  
26 for their acceptance of the classification and compensation study. The results of the  
27 study showed the following:

28  
29 **Volume I - Classification Plan**

30  
31 Volume I documented the classification study process and provided recommendations for  
32 the classification plan, allocations of individual positions for all City staff and class  
33 specifications. It also summarized the study's multi-step process which included results of  
34 written position description questionnaires, interviews with employees and employee  
35 review and comments in the form of draft class descriptions and class allocation  
36 recommendations.

37  
38 Koff & Associates updated all class descriptions in order to ensure the format was  
39 consistent and the duties and responsibilities were current and properly reflected the  
40 required knowledge, abilities and skills. It was recommended in the study to make one  
41 change in the classification plan which was the title change for nine classifications. The  
42 title changes were recommended to more clearly reflect the level and scope being  
43 performed, as well as establish consistency with the labor market and industry standards.  
44 The study resulted in two positions being reclassified: Firefighter to Fire Engineer and  
45 Plant Operator II (one position) to Senior Plan Operator.

46  
47 One of the major components of the job analysis and classification review is the  
48 determination of each classification's appropriate Fair Labor Standards Act (FLSA)  
49 status, i.e., exempt vs. non-exempt from the FLSA overtime rules and regulations. Koff &  
50 Associates reviewed each position based on questionnaires and personal interviews.  
51 Recommendations were made to determine if a position should be non-exempt or  
52 exempt under FLSA.

53  
54 The study also made recommendations in maintaining the classification plan. As new  
55 positions have come on board City staff has been able to identify appropriate placement  
56 of new and/or realigned positions within the recommended classification structure

57  
58 **Volume II - Compensation Plan**

59  
60 Volume II documented the market compensation survey, findings and recommendations.

61

62 The study included thirty-three (33) classifications of which twenty-five (25) classifications  
63 were selected in order to collect compensation data within the labor market. Survey  
64 classes that had the most consistent and useful survey data were used as “benchmarks”  
65 in building the compensation plan. Benchmark classes are those classes that are tied  
66 directly to market salary data during the salary setting process. These classes are used  
67 as a means of anchoring the City’s overall compensation plan to the market. Other job  
68 classifications not surveyed were aligned on the proposed compensation plan using  
69 internal equity principles.

70  
71 Of the twenty-five (25) classifications that were selected Koff and Associates was able to  
72 collect sufficient data from the comparator agencies for twenty-four (24) benchmark  
73 classifications. The Public Safety Dispatch Supervisor classification had fewer than four  
74 comparison matches and therefore insufficient data for analysis because fewer matches  
75 make variations in salaries more significant and results may not accurately reflect the  
76 market.

77  
78 The second most important step in conducting a market salary study is the determination  
79 of appropriate agencies for comparison. In considering the selection of valid agencies for  
80 salary comparator purposes, a number of factors were taken into consideration:  
81 organizational type and structure, similarity of population, staff and operational budgets,  
82 scope of services provided and geographic location, labor market and compensation  
83 philosophy.

84  
85 On November 18, 2014 the City Council adopted Resolution 2014-104 approving a list of  
86 comparator cities for the classification and compensation study. The Cities selected and  
87 approved by Council were:

- 88  
89 1. Healdsburg  
90 2. St. Helena  
91 3. Sebastopol  
92 4. Yountville  
93 5. Petaluma  
94 6. Windsor  
95 7. Cloverdale  
96 8. Sonoma  
97 9. American Canyon  
98 10. Napa  
99 11. Rohnert Park

100  
101 The resolution also adopted the median of comparable cities to be used on benchmark  
102 positions for the City of Calistoga. Koff & Associates was also given the allowance to use  
103 other cities and service districts if necessary to obtain at least four comparator cities for  
104 the fire department positions.

105  
106 The last element prior to beginning a market survey was the specific benefit data that  
107 was collected and analyzed. The following information was collected for each of the  
108 benchmarked classifications: monthly base salary, employee retirement, insurance,  
109 leave, automobile, uniform allowance and any additional benefits available to all in the  
110 classes. Keep in mind that benefit elements are negotiated benefits provided to all  
111 members of each comparator class. As such they represent an on-going cost for which  
112 an agency must budget.

113  
114 The analysis included the mean (average), and median (midpoint), and comparator data  
115 for each benchmarked classification. Koff and Associates recommended reviewing the  
116 median, rather than the average when evaluating the data. The median is the exact  
117 midpoint of all the market data that was collected, with 50% of market data below and  
118 50% of market data above. By using the median methodology, the data results are not  
119 skewed by extremely high or low salary values (unlike the mean).

120  
121 The analysis of the study found on average, classifications are 17% below the market  
122 median when analyzing base salaries, while that figure changes to 16.2% below the  
123 market when total compensation is evaluated. The City's benefit package is slightly  
124 greater than that of the market due to the higher retirement formula and insurance  
125 premiums.

126  
127 Building from the salary levels established for identified benchmark classes, internal  
128 salary relationships were developed and consistently applied in order to develop specific  
129 salary recommendations for non-benchmarked classes. Volume II, Appendix section  
130 presented the salary recommendations developed for the City including the internal  
131 salary relationship guidelines used. Certain internal percentages are often applied. The  
132 most common are:

- 133
- 134 • The differential between a trainee and experienced class in a series (I/II or  
135 Trainee/Experience) is generally 10% to 15%
  - 136 • A lead or advanced journey-level (III or senior – level) position is generally placed  
137 10% to 15% above the lower experienced level
  - 138 • A full supervisory position is normally placed at least 10% to 25% above the  
139 highest level supervised, depending upon the breadth and scope of supervision

140  
141 The Koff & Associates study was used as a resource document to assist the City in  
142 making compensation decisions to address internal staffing inconsistencies and to see  
143 how Calistoga compared to other cities in the same labor pool. The theory was if  
144 employee compensation is comparable to other cities, the ability to keep staff and attract  
145 new hires for vacant positions becomes easier. However, there are financial realities (i.e.,  
146 ability to pay) and other factors that may also come into play when determining  
147 appropriate compensation philosophies and strategies.

148 Management then presented the Koff & Associates study to the City Council for their  
149 acceptance of the report and used the study as a basis for labor negotiations. Labor  
150 negotiations were completed, and recommendations were brought forth to City Council in  
151 December 2015 for the Police (CPOA) and Fire (CPFA) Associations; January 2016 for  
152 the Unrepresented Group; and February 2016 for the Miscellaneous (CPEA) Association  
153 for their approval.

154

### 155 **Implementation**

156

157 It was determined through labor negotiations that it was best to move employees into the  
158 salary range that is recommended for each class based on the study and to the pay step  
159 within the new range that was closest to their current compensation. If the employee's  
160 current salaries were significantly below market so that their current compensation fell  
161 below the bottom of the newly recommended range, then adjustments were phased in  
162 over a period of two years to move those employees to the bottom of the new salary  
163 range. Implementation took effect January 1, 2016.

164

### 165 **Conclusion**

166

167 During labor negotiations in 2015 it was also recommended that a classification and  
168 compensation study be done before the expiration of the current memorandum of  
169 understanding for all city staff bargaining groups, effective December 31, 2018. Requests  
170 for salary increases are likely as labor negotiations take place during the next few  
171 months.

172

173 City staff contacted Koff & Associates and asked them for a proposal for a limited  
174 classification study and a total compensation study. Their proposal is attached as  
175 Attachment #3. The proposal includes classification study for one administrative position,  
176 compensation study for 38 benchmarks and 11 comparator cities that were used in the  
177 2015 compensation study to keep consistency. The study will also include 9 benchmark  
178 positions for part-time positions. It will take approximately three (3) months to complete  
179 the study.

180

181 City staff will then bring the study back to the City Council for their acceptance of the  
182 report. The recommendations by Koff & Associates is not binding on the City upon  
183 acceptance of the report. However, it is a resource document to assist the City in making  
184 compensation decisions to how Calistoga compares to other cities in the same labor  
185 pool. As in the 2015 study the theory is if our employee compensation is comparable to  
186 other cities, the ability to keep staff and attract new hires for vacant positions becomes  
187 easier. However, there are financial realities (i.e., ability to pay) and other factors that  
188 may also come into play when determining appropriate compensation philosophies and  
189 strategies.

190

191 **Consistency with City Council Goals and Objectives:** The recommended action  
192 supports the FY 2017-18 City Council Goal No. 2 under Priority Projects to evaluate and  
193 adjust staffing levels if appropriate to provide optimum service.  
194

195 **FISCAL IMPACT:** The City budget for FY 17-18 allocated \$25,000 for a comprehensive  
196 classification and compensation study; account 01-4172-4402. Koff & Associates'  
197 proposal has a budget of \$22,490, with added work at \$130/hour. At this time no budget  
198 adjustment is needed.  
199

200 **ATTACHMENTS**

- 201
- 202 1. Draft Resolution
  - 203 2. Draft Professional Services Agreement with Koff & Associates
  - 204 3. Classification and Compensation Study Proposal with Koff & Associates
  - 205 4. Benefit Data Information to Be Collected
  - 206 5. Benchmark List

**RESOLUTION NO. 2018-XXX****RESOLUTION OF THE CITY COUNCIL, OF THE CITY OF CALISTOGA, COUNTY OF NAPA, STATE OF CALIFORNIA, AUTHORIZING THE EXECUTION OF A PROFESSIONAL SERVICES AGREEMENT WITH KOFF & ASSOCIATES TO CONDUCT A CLASSIFICATION AND COMPENSATION STUDY IN AN AMOUNT NOT TO EXCEED \$22,490**

**WHEREAS**, on September 16, 2014, the City Council adopted Resolution 2014-077 to conduct a comprehensive and classification study through the firm of Koff & Associates recognizing the changes in business, organizational and employment conditions; and

**WHEREAS**, Koff & Associates updated all class descriptions in order to ensure the format was consistent and the duties and responsibilities are current and properly reflect the required knowledge, skills and abilities; and

**WHEREAS**, the study included thirty-three (33) classifications and of those, twenty-five (25) classifications were selected in order to collect compensation data within the labor market. Survey classes that had the most consistent and useful survey data were used as "benchmarks" in building the compensation plan; and

**WHEREAS**, on November 18, 2014 the City Council adopted Resolution 2014-104 approving a list of comparator cities for the classification and compensation study. The cities selected and approved by Council were: Healdsburg, St. Helena, Sebastopol, Yountville, Petaluma, Windsor, Cloverdale, Sonoma, American Canyon, Napa and Rohnert Park; and

**WHEREAS**, the study determined the median salaries of and total compensation for select classifications using comparator cities; and

**WHEREAS**, on May 5, 2015 the City Council reviewed the Koff & Associates report at public meeting and considered the content and recommendation as well as the staff report and all public comments on said report.

**WHEREAS**, current memorandum of understanding for all City bargaining groups will expire on December 31, 2018. Requests for salary increases are likely as labor negotiations take place during the next few months.

**WHEREAS**, city staff contacted Koff & Associates to provide a proposal for a limited classification study and a total compensation study.

**WHEREAS**, The report to be provided by Koff & Associates is meant to be a tool for the City to create and implement an equitable compensation plan and is not binding on the City. The collected data gives the City an instrument to make future compensation decisions; and

**NOW THEREFORE BE IT RESOLVED THAT**, the City Council of the City of Calistoga

- 1) Hereby authorizes the City Manager to enter into a professional services agreement with Koff & Associates in the amount not to exceed \$22,490 to conduct a public-sector classification and compensation study in accordance with the Professional Services Agreement as set forth in Exhibit A to this resolution, with allowance for non-substantive changes as deemed appropriate by the City Manager.

56 **PASSED, APPROVED, AND ADOPTED** by the City Council of the City of Calistoga  
57 at a regular meeting held this **20th day of February, 2018** by the following vote:  
58

59 **AYES:**  
60 **NOES:**  
61 **ABSTAIN:**  
62 **ABSENT:**  
63

64  
65 **CHRIS CANNING, Mayor**

66 **ATTEST:**  
67  
68  
69 **KATHY FLAMSON, City Clerk**