



CITY OF GERMANTOWN TENNESSEE

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Personnel Advisory Committee *March 20, 2013 – 1:30 p.m.* **Personnel Conference Room** **Municipal Center, 1930 S. Germantown Road**

MEMBERS PRESENT:

Richard Vosburg, Chairman; Sudhir Agrawal; Rebecca DeRousse;
Ronald Poll; Joe Warren; Scott Williams; Alderman Rocky Janda;
Susan Hopson; Patrick Lawton; Gelieta Wilson

MEMBERS ABSENT:

PRESENT NON MEMBERS:

Call to Order

Chairman Richard Vosburg called the meeting to order at 1:30 p.m.

Approval of Agenda

The agenda was accepted as presented.

Approval of Agenda

The minutes from the October 11, 2012 meeting was accepted as presented.

City Administrator Updates

The budget was presented to the Financial Advisory Committee. The budget will be acted on today and then presented to the community for alderman approval.

Merit Proposal

Mary presented the market analysis both from internal and external sources and presented a 2.5% increase for The City of Germantown employees. This would be a cost of approximately \$250,000 to the city. The police and fire receive merit raises and would not be included in the 2.5% increase.

- Most Dept. Heads will not grant Educational Assistance for FY14
- Some Dept. Heads have opted not to grant the free membership to the Germantown gym; some for 5 years (cut it from their dept. budget)
- No bonus for this calendar year

MOTION: To approve a 2.5% merit increase for the City of Germantown employees.

Motion by Ron Poll and seconded by Joe Warren.

ROLL CALL: Richard Vosburg - yes; Sudhir Agrawal - yes; Rebecca DeRousse - yes; Ronald Poll - yes; Joe Warren - yes; Scott Williams - yes; Alderman Rocky Janda - yes; Susan Hopson – yes

Health Insurance

- a. Status of transition to new vendor – Health Cost Solutions. The relationship with Methodist will continue and the change of providers under the current Health Choice network to the Great West Cigna network should represent no disruption or change in providers to City employees as compared to the network today. This contract offers no percent increase. The network discounts remain essentially the same, with the only minor changes occurring with non-Methodist owned facilities.

- Health insurance premium increase of 10% effective 1/1/14

- b. Proposed change – spouses of new hires after 7/1/13 to use own insurance as primary
MOTION: To approve spouses of new hires to use their own insurance as primary with submission of documentation after 7/1/13.

Motion by Sudhir Agrawal and seconded by Ron Poll.

ROLL CALL: Richard Vosburg - yes; Sudhir Agrawal - yes; Rebecca DeRousse - yes; Ronald Poll - yes; Joe Warren - yes; Scott Williams - yes; Alderman Rocky Janda - yes; Susan Hopson – yes

- c. Proposed change – mandatory mail order for maintenance prescriptions

MOTION: To approve maintenance prescriptions to be mandatory mail order or matched by Walmart or CVS.

Motion by Sudhir Agrawal and seconded by Ron Poll.

ROLL CALL: Richard Vosburg - yes; Sudhir Agrawal - yes; Rebecca DeRousse - yes; Ronald Poll - yes; Joe Warren - yes; Scott Williams - yes; Alderman Rocky Janda - yes; Susan Hopson – yes

- d. Proposal of change – ER co-pay to change from \$150 - \$200

MOTION: To approve new co-pays as follows: primary - \$35, specialist - \$50, minor med - \$50, emergency room - \$200.

Motion by Sudhir Agrawal and seconded by Scott Williams

ROLL CALL: Richard Vosburg - yes; Sudhir Agrawal - yes; Rebecca DeRousse - yes; Ronald Poll - yes; Joe Warren - yes; Scott Williams - yes; Alderman Rocky Janda - yes; Susan Hopson – yes

360 Tool

- a. What we will do this year (approved by Board) and no budget allocation for this activity in 2014.

MOTION: To bring back into budget for next fiscal year the 360 Tool for managers.

Motion by Scott Williams and seconded by Joe Warren.

ROLL CALL: Richard Vosburg - yes; Sudhir Agrawal - yes; Rebecca DeRousse - yes; Ronald Poll - yes; Joe Warren - yes; Scott Williams - yes; Alderman Rocky Janda - yes; Susan Hopson – yes

Bonus Program

- a. What we did last year and prior year – no allocation for this year due to budget.

MOTION: To investigate other options for employees for next year's discussion.

Motion by Sudhir Agrawal and seconded by Scott Williams.

ROLL CALL: Richard Vosburg - yes; Sudhir Agrawal - yes; Rebecca DeRousse - yes; Ronald Poll - yes; Joe Warren - yes; Scott Williams - yes; Alderman Rocky Janda - yes; Susan Hopson – yes

ADJOURNMENT

There being no further business to be brought before the Committee, the meeting was adjourned at 3:30 p.m.

CITY OF GERMANTOWN- 2013-2014 SALARY INCREASE PROPOSAL

COMPENSATION PHILOSOPHY

The City of Germantown strives to be an “Employer of Choice”. To achieve this status, the City is committed to providing a total compensation package comprised of competitive wages and benefits that will enable the City to attract and retain highly skilled and talented employees.

BACKGROUND

The City offers increases based on performance. Under the Pay-For-Performance plan, employees who meet expectations are eligible for an increase once a year. Salary is capped when employee’s salary reaches the salary range maximum. The size of the next salary increase is then limited to the difference between the employee’s salary and the new range maximum. If an employee cannot receive the full percentage increase, the remainder is given in a lump sum.

The City aims to keep pay levels competitive with our market. Therefore, we annually review our market position. Structural increases are based on market equity and budget affordability. Last year the City adjusted their pay structures by 2% and rewarded a 3% merit increase. The average increase received by our general employees was 2.86%.

INTERNAL ANALYSIS - COMPA-RATIO

Compa-ratio is a measure of the extent to which actual salaries deviate from the targeted market position. Our targeted market position (pay policy line) is reflected by the midpoint of the range. It represents an employee who is fully competent and meets expectations of the job. A compa-ratio of 1.0 means that the average pay rate equals the targeted salary.

Our overall compa-ratio is .97 which means the City’s actual, aggregate pay practice is currently 3% below the targeted market position.

MARKET DEFINITION

The defined labor market will vary by type and level of job. For some positions the market will be exclusively public sector. For other positions, the market will be a mix of public sector and local private sector employers. The identified market for the public sector is mainly municipalities in Tennessee that are similar in size and demographics, or local competition.

MARKET ANALYSIS

Data sources included the City's 2011 in-house custom survey, 2011 Memphis Area Wage Survey, and Burris, Thompson & Associates (BTA) 2012 Public Sector Wage and Salary Survey. 2011 data was trended to reflect current rates.

Eleven public sector entities within the State participated in our survey, including Bartlett, Brentwood, Cleveland, Collierville, Franklin, Johnson City, La Vergne, Memphis, Murfreesboro, Smyrna, and Shelby County. The Memphis Area Wage Survey provides us with salary data concerning the local market, while BTA's survey provides data from a broader scope of regional municipalities with a median population of 41,102.

A market rate composite was then prepared using the data from these sources.

MARKET FINDINGS

Current Market Position (mid-point to market comparison):

2.7% above market

Actual/Projections:

DATA SOURCE	AVERAGE INCREASE 2012	PROJECTED INCREASE 2013
In-house Survey	2.6%	Not Available
Memphis Area Wage Survey	2.7%	2.7%
WorldatWork (National)	2.8%	3%
Hay Group		3%
Mercer	2.7%	2.9%

Increase projections are hovering around 3% with public sector increases slightly lower. While salary budgets continue to increase very slowly, they appear to have stabilized after the recorded lows of 2009.

SUMMARY

The City's pay structure is currently 2.7% above the market. Actual pay level going into July 1 is 3% below our pay policy line.

Overall, survey results indicate that wages have grown, but very slowly, much like other segments of our economy. Therefore, the City must again take a conservative approach in establishing our salary budget.

RECOMMENDATION

Based on our current market position, 2013 projections, and budget limitations, the following recommendations are made to manage the City's compensation program effectively:

1. No change to salary structures.

Since survey results showed that we are 2.7% above the market and with increase budgets projected to be around 3%, the salary structure can remain the same and continue to be competitive.

2. 2.5% Merit Increase

A 2.5% merit increase is in line with increase projections for 2013. Since the City does not have to move their structure this year, this increase will allow employees' salaries to move into their respective salary ranges, improving our comp-ratio.