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| Date: | June 29, 2023 |
| Prepared By: | Gina Pate, Assistant City Administrator |
| Subject: | Employee Compensation & Retirement |

The Employee Compensation Plan sets the pays scale for all city positions. The Plan is revised annually for adjustments and changes.

The purpose of the Compensation Plan is to define the philosophy of compensation in the City of Smithville for regular employees, and to specifically define how compensation increases for various job classifications are determined, in accordance with Article 6 of the Employee Handbook.

This compensation plan is effective November 1, 2023 and will remain in effect until such time a subsequent compensation plan supersedes it. It is the policy of the City of Smithville to maintain fair and competitive salary ranges consistent with the economic constraints of the City and the labor market in which we compete to attract and retain qualified personnel at all levels of the organization.

Consumer Price Index Adjustment

It is the intent of the City of Smithville to provide cost of living adjustments to the pay grade schedule, subject to the discretion of the Board of Aldermen. For the purposes of this section, "consumer price index" means, for any fiscal year, the previous year's total consumer price index from July 1 through June 30, using the official current base, compiled by the bureau of labor statistics, United States department of labor for all urban consumers (CPI-U) for the Midwest Region.

The Mid-West Region Consumer Price Index for the period of June 1, 2022, through June 30, 2023 was 2.4%. The 2023-2024 compensation plan reflects a 3% cost of living adjustment to the pay ranges. This adjustment helps to keep the City's compensation plan competitive in the market.

Merit

Each Spring, the City conducts performance evaluations for all full-time and part-time employees. Employees are eligible for a merit pay adjustment based on their performance throughout the year. In past years, the City has budgeted merit increases generally in the range of 2-3% and employees receive the pay adjustment in May.

Each employee submits a self-evaluation of their An evaluation of “successful” or better is required to qualify employees for a pay increase within the range of their classification. In past years, the City has budgeted merit increases generally in the range of 2-3% and employees receive the pay adjustment in May.

Retirement

The City of Smithville participates in the Missouri Local Government Employees Retirement System (LAGERS). Individual pension benefits are based on the benefit multiplier, final average salary, and credited service. Smithville participates in the program at the L-7 level, which is a 1.5% multiplier. Programs are contributory or non-contributory. Smithville is a contributory plan, meaning that employees contribute a portion of the rate paid to the system. The FY2023 Budget includes funding which allowed the contribution rate to be reduced from 4% to 2% of gross salary.

2024 Draft Budget

As discussed at previous work sessions, the 2024 Draft Budget includes A 3% pay range increase effective November 1, 2023 and a merit pool of \$100,000 in May 2024 are included in the base FY2024 budget as currently drafted.

Employee Survey

In order to assist in review of compensation priorities, the Board of Aldermen at the May Board retreat requested feedback from staff on what enhancements they would like to see this upcoming budget year. HR surveyed staff to gauge employee feedback on potential enhancements to compensation and retirement. 36 employees completed the survey. Results are detailed below.

In Question 1, employees were asked which they preferred: a focus on compensation only or a focus on addressing compensation and retirement. The majority of employees preferred a mix of compensation and retirement enhancements.

1. What potential enhancements would you like to see?



- Compensation only (5)
- A mix of compensation and retirement (31)

In Question 2, employees were asked to select the type of retirement change they would like to see. The majority of employees reporting selected moving from the current LAGERS program benefit of L-7 (1.5 benefit multiplier) to the L-12 (1.75 benefit multiplier). It was noted in the survey that this enhancement would increase the employee contribution from 2% to 4%.

2. If a change to retirement was made, which change would you prefer?



- Stay at L-7 (1.5% multiplier) and reduce your contribution from 2% to 0% (3)
- Move to L-12 (1.75% multiplier) and increase your contribution from 2% to 4% (28)
- Implement a match to deferred compensation (no change to LAGERS) (5)

Question 3 asked to rank four options for potential enhancements. The majority of employees prioritized moving to the L-12 benefit with a 4% employee contribution.

3. Please rank the following options based on your priority:



1: Increase LAGERS to L-12

2: Go to noncontributory for L-7

3: Pay range adjustment only

4: Deferred compensation

Continued Budget Development Discussion

As noted earlier, a CPI adjustment of 3% is contemplated in the draft budget. Staff recommends this remain.

Based on survey results, employees prioritized enhancing the retirement benefit to the L-12 (a 1.75% multiplier) level over enhancements to the deferred compensation plan.

Costs to change to the higher benefit are outlined below. In addition, such an enhancement to retirement would require a change back to 4% employee contribution to the plan. A future move would be to reduce the contribution to 2%. The cost to make this improvement is \$106,000, \$87,000 in the General Fund as outlined below.

| L-12 4% Contributory | |
|----------------------|-------------------|
| General Fund | \$ 87,000 |
| CWWS | \$ 19,000 |
| Total Impact | \$ 106,000 |

Again, based on survey results, staff is recommending that merit increases not be implemented for FY24. Staff would use these funds to enhance the LAGERS retirement benefit to L12 (1.75 benefit multiplier. Staff will receive an official estimate from LAGERS in August 2023, it generally takes 30 days to receive the estimates. Employees would increase their contribution from 2% to 4%. The funds allocated for merit increases in past years have been approximately \$100,000.

It is the intent of the City of Smithville to implement a professional development program to replace the annual evaluation system. The City of Smithville values our employees and desires to provide opportunities for employees to grow in their positions. The purpose of this program is to provide ongoing opportunities for employee

feedback and identify opportunities for professional development. The philosophy of this program is that there is the opportunity for continuous improvement at Smithville to provide the best possible services to residents and visitors of Smithville. The goal of this program is to develop employees to become more efficient and effective in their roles and provide new opportunities for leadership development.

Staff will be providing more detailed information at a future work session to review the program, and certification pay adjustments.

Next Steps

The City Administrator meets quarterly with employees in each department. The next series of meetings is scheduled for mid-July. At those meetings, these changes will be outlined, along with survey results. Should discussion from those meetings not support the survey information, staff will review and revise these recommendations as appropriate.

At this time, staff seeks direction from the Board on any changes to the pay range adjustments for CPI, the changes to the merit-based pay, and moving to the LAGERS L-12 retirement benefit.

The revised Plan will be brought back to the Board for consideration with other budget documents this fall, to be effective November 1, 2023.

2023 Smithville Employee Salary Schedule

| Pay Grade | Recommended Title | Department |
|-----------|---|--|
| 5 | | |
| 10 | | |
| | Maintenance Worker I - Parks Maintenance Worker I - Public Works Administrative Assistant I - Public Works | Parks and Recreation PW PW |
| 15 | | |
| | Permit Technician Finance Specialist I Administrative Assistant II- Utilities O&M Technician/ Plant Operator I | Development Finance PW PW |
| 20 | | |
| | Police Administrative Assistant/Prosecutor Assistant Maintenance Worker II - Parks Maintenance Worker II- Public Works O&M Technician/ Plant Operator II Recreation Coordinator | Police Parks and Recreation PW PW Parks and Recreation |
| 25 | | |
| | Police Recruit | Police |
| 30 | | |
| | Code Inspector I Finance Specialist II | Development Finance |
| 35 | | |
| | Police Officer Building Inspector I Code Inspector II O&M Technician/ Plant Operator III Crew Leader -Public Works Crew Leader -Parks Engineering Technician I | Police Development Development PW PW Parks and Recreation PW |
| 40 | | |
| | Building Inspector II Finance Analyst Detective Water Treatment Plant Shift Supervisor | Development Finance Police PW |
| 45 | | |
| | Building Inspector III Recreation Manager Engineering Technician II | Development Parks and Recreation PW |
| 50 | | |
| | Police Sergeant Water Treatment Plant Manager Utilities Operations Manager Assistant to the Public Works Director | Police PW PW PW |
| 55 | | |
| | Streets Superintendent | PW |
| 60 | | |
| | Police Captain Utilities Superintendent | Police PW |
| 65 | | |
| | Assistant City Administrator Development Director Finance Director Parks and Recreation Director Police Chief Public Works Director | Administration Development Finance Parks and Recreation Police PW |

November 1, 2022

Salary Range

Adjustment 1.02

| SALARY RANGE | | | |
|--------------|-----------|---------------|---------------|
| | Minimum | Market | Maximum |
| \$ | 15.30 | \$ 17.60 | \$ 21.42 |
| \$ | 31,824.00 | \$ 36,597.60 | \$ 44,553.60 |
| \$ | 17.09 | \$ 19.65 | \$ 23.92 |
| \$ | 35,536.80 | \$ 40,862.02 | \$ 49,751.52 |
| \$ | 18.45 | \$ 21.22 | \$ 25.84 |
| \$ | 38,379.74 | \$ 44,129.28 | \$ 53,740.13 |
| \$ | 19.37 | \$ 22.28 | \$ 27.12 |
| \$ | 40,289.18 | \$ 46,335.74 | \$ 56,413.34 |
| \$ | 20.34 | \$ 23.39 | \$ 28.48 |
| \$ | 42,304.70 | \$ 48,648.29 | \$ 59,235.07 |
| \$ | 21.56 | \$ 24.80 | \$ 30.19 |
| \$ | 44,850.62 | \$ 51,576.10 | \$ 62,799.36 |
| \$ | 22.86 | \$ 26.29 | \$ 32.00 |
| \$ | 47,545.06 | \$ 54,673.63 | \$ 66,554.59 |
| \$ | 24.23 | \$ 27.86 | \$ 33.92 |
| \$ | 50,388.00 | \$ 57,940.90 | \$ 70,543.20 |
| \$ | 26.65 | \$ 30.65 | \$ 37.31 |
| \$ | 55,437.41 | \$ 63,754.08 | \$ 77,608.13 |
| \$ | 28.25 | \$ 32.50 | \$ 39.56 |
| \$ | 58,768.32 | \$ 67,594.18 | \$ 82,275.65 |
| \$ | 31.08 | \$ 35.74 | \$ 43.51 |
| \$ | 64,645.15 | \$ 74,340.86 | \$ 90,507.46 |
| \$ | 35.74 | \$ 41.11 | \$ 50.04 |
| \$ | 74,340.86 | \$ 85,500.48 | \$ 104,085.70 |
| \$ | 41.11 | \$ 61.66 | |
| \$ | 85,500.48 | \$ 128,250.72 | |

November 1, 2023

Salary Range

Adjustment 1.03

| SALARY RANGE | | | |
|--------------|-----------|---------------|---------------|
| | Minimum | Market | Maximum |
| \$ | 15.76 | \$ 18.12 | \$ 22.06 |
| \$ | 32,778.72 | \$ 37,695.53 | \$ 45,890.21 |
| \$ | 17.60 | \$ 20.23 | \$ 24.64 |
| \$ | 36,602.90 | \$ 42,087.88 | \$ 51,244.07 |
| \$ | 19.01 | \$ 21.85 | \$ 26.61 |
| \$ | 39,531.14 | \$ 45,453.16 | \$ 55,352.33 |
| \$ | 19.95 | \$ 22.95 | \$ 27.94 |
| \$ | 41,497.86 | \$ 47,725.82 | \$ 58,105.74 |
| \$ | 20.95 | \$ 24.09 | \$ 29.33 |
| \$ | 43,573.85 | \$ 50,107.74 | \$ 61,012.12 |
| \$ | 22.21 | \$ 25.54 | \$ 31.10 |
| \$ | 46,196.14 | \$ 53,123.38 | \$ 64,683.34 |
| \$ | 23.54 | \$ 27.07 | \$ 32.96 |
| \$ | 48,971.41 | \$ 56,313.84 | \$ 68,551.23 |
| \$ | 24.95 | \$ 28.69 | \$ 34.93 |
| \$ | 51,899.64 | \$ 59,679.12 | \$ 72,659.50 |
| \$ | 27.45 | \$ 31.57 | \$ 38.43 |
| \$ | 57,100.53 | \$ 65,666.70 | \$ 79,936.37 |
| \$ | 29.10 | \$ 33.47 | \$ 40.74 |
| \$ | 60,531.37 | \$ 69,622.00 | \$ 84,743.92 |
| \$ | 32.01 | \$ 36.81 | \$ 44.82 |
| \$ | 66,584.51 | \$ 76,571.09 | \$ 93,222.68 |
| \$ | 36.81 | \$ 42.34 | \$ 51.54 |
| \$ | 76,571.09 | \$ 88,065.49 | \$ 107,208.27 |
| \$ | 42.34 | \$ 63.51 | |
| \$ | 88,065.49 | \$ 132,098.24 | |