

To: Executive Committee
R. T. Rybak, Mayor
Barbara Johnson, Council President
Scott Benson, Council Member
Cam Gordon, Council Member
Robert Lilligren, Council Member

From: Pamela French, Director
Human Resources

Cc: Steven Bosacker, City Coordinator
Timothy Giles, Director, Employee Services

Subject: Appointed Employee Salary Survey Results

Background Information

The City of Minneapolis has commissioned regular studies of national pay practices for appointed level jobs at three year intervals since 1993. The purpose of the studies is to determine the relative market position of Minneapolis as compared to other comparable jurisdictions.

In July of 1995, the Minneapolis City Council adopted the “Appointed Employee Salary Administration Plan” to establish the philosophy and administrative procedures governing pay structure for non-represented, appointed personnel. The administrative procedures set forth an expectation that every three (3) years a market salary study would be conducted to determine and recommend appropriate structure changes to the appointed salary schedules.

The current study is dated January of 2006. The closest previous *comprehensive* study was completed in 2000. Several smaller updates have been performed between 2000 and 2006, but were focused on specific market information needed for recruiting or other purposes. The relatively long gap between comprehensive studies can be attributed to the policy decision capping increases, which as a practical matter rendered market information unusable.

The following information has been provided by Mr. Gmach to help prepare you for discussion at the next Executive Committee meeting.

Method of Setting Appointed Salaries

Appointed salaries are determined by a regression formula that uses Cresap points and market data. The formula that is derived from a “line of best fit” between the points and market is used to establish step B, which is the one-year step. A start step is calculated as 95% of step B. The third and fourth steps allow appointed staff to

reach a point that is 105% of market after six years in the job, or sooner if exceptions have been granted for prior experience.

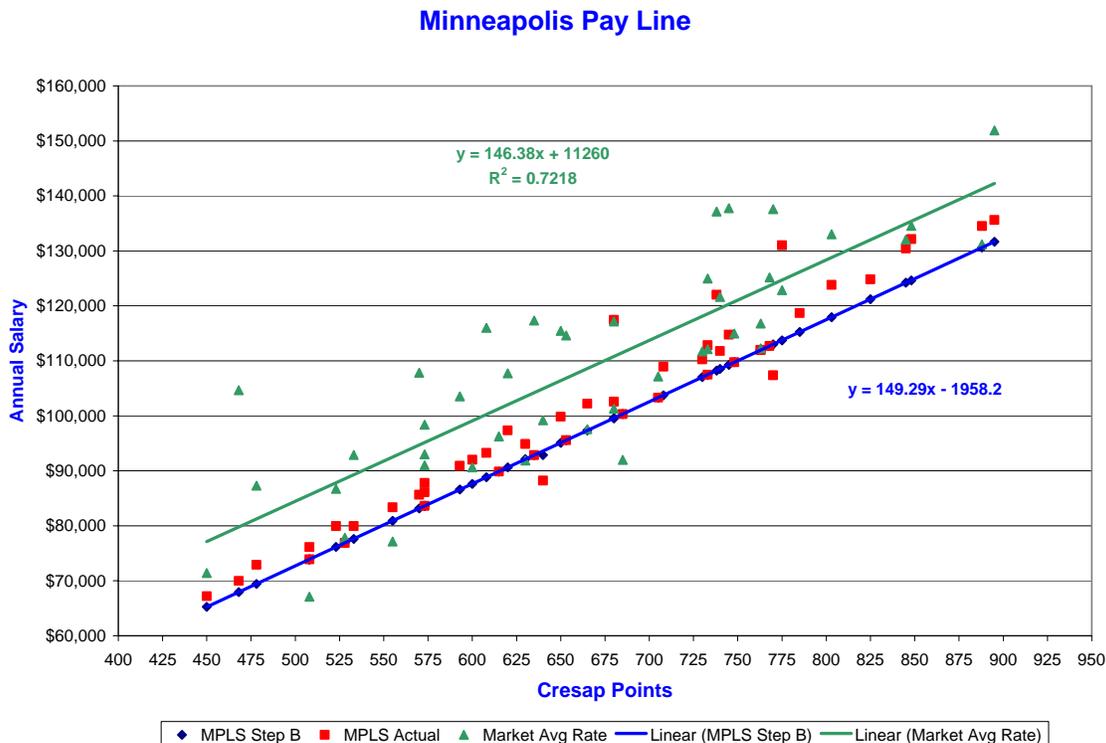
A very small number of jobs are paid above the regression range if market data for their specific job measures 10% or more above the line. The statutory cap remains as a limiting factor.

In years between studies a percentage adjustment is applied to maintain the system. Through 2000 these adjustments served to keep the appointed staff on pace with the market.

2006 Survey Findings

Based on the salary plan adopted by the City Council in 1995, non-represented, appointed positions in the City of Minneapolis have lost ground since 2000. The exact percent varies a bit by point level but the overall cash value of the loss is approximately \$12,000. The two regression lines on the following chart visually illustrate the change.

The red dots on the chart represent 2006 actual Minneapolis pay rates. Because many appointed are paid on the third or fourth step, the difference between the average market line and the average Minneapolis rate is about \$6,000 to \$8,000.



The above graph compares the 2006 policy line in blue with a 2006 market line in green. If the plan is updated per past practice the formula is as follows:

$$\text{Step B} = (\text{Cresap points} \times \$146.38) + \$11,260$$

Thus, for a job at 600 points the 2006 salary at step B is:

$$(600 \text{ points} \times \$146.38) + \$11,260 = \$99,088$$

The 2006 range is thus \$94,134 to \$104,042, since the minimum is 95% of step B and the maximum is 105% of step B. Since this summary report is being presented in 2007 and a typical market increase is 3%, the illustration and formula shown above would require a 3% update to approximate the 2007 market.

Individual Jurisdictions

Jurisdictions that were invited to participate in the study based on their status as core city in a major metropolitan area. The study considers some smaller and some larger markets in the blend of cities. Extremes of geographic cost of living differences are avoided.

Matching Individual Jobs

The relative strength of comparability of matched jobs varies. Organizations use different distributions of duties and responsibilities, thus causing some Minneapolis jobs to appear higher or lower relative to the mix of jobs matched. The highest reliability for individual jobs is for those that are “benchmark” jobs with the largest number of matches. On the whole, the “law of large numbers” says that differences in jobs that are matched on the low side are offset by differences in jobs that are matched on the high side. Thus the accuracy of comparison of the overall Minneapolis pay program to the market is reasonably close, but caution should be used when viewing individual jobs.

The market survey is a survey of non-represented, appointed positions in the City of Minneapolis which have been functionally matched to jobs in other jurisdictions that are similarly situated to the City of Minneapolis. The survey group includes primarily cities; however, it also includes Hennepin County and Nashville Davidson County. Hennepin County is included because of proximity, and Nashville Davidson County is included because of budget similarity.

Attached for your review are a listing of the jurisdictions that participated in the survey and a listing of the positions surveyed. Mr. Gmach has been invited to present his findings to the Executive Committee as has been customarily done in the past. At that time the Executive Committee may question him about options and begin to decide how to address the findings for appointed employees.

**2006 City of Minneapolis
Appointed Positions Salary Survey**

Participants

Code	Jurisdiction	Contact	State	2006 Annual Operating Budget	2005 Annual Operating Budget	2006 All Funds Budget	2005 All Funds Budget	2006 General/ Operating Fund Staff Count	2006 All Funds Staff Count	2006 Expected Increase %
h	City of Austin	Holly Hodgson	TX	\$2,100,000,000	-	\$2,900,000,000	-	5,046	11,380	3.5%
a	City of Charlotte	Adela Castellino	NC	\$873,983,795	-	\$1,416,780,908	-	-	6,275	-
l	City of Columbus	Karen Hudson/Wanda Demons	OH	\$596,325,000	-	\$1,191,648,006	-	5,023	7,918	-
p	City of Denver	Karen Martinez	CO	\$1,507,977,000	-	-	-	7,656	10,888	-
c	City of Fort Worth	Jeanette Blankenship	TX	\$425,485,247	-	\$781,168,693	-	4,152	5,747	-
k	City of Minneapolis	Pam Nelms	MN	\$972,900,000	-	\$1,344,700,000	-	2,300	5,636	-
m	City of Omaha	Joe Todero	NE	\$388,362,872	-	\$457,389,638	-	2,724	-	-
b	City of Philadelphia	Michael McAnally	PA	\$3,417,598,508	-	\$3,482,275,000	-	24,000	27,000	3.0%
f	City of Phoenix	Wilma Cavalier	AZ	\$968,100,000	-	\$973,200,000	-	10,891	14,626	-
n	City of Pittsburgh	Pamela Vogel	PA	-	\$416,828,765	-	-	-	-	-
d	City of Portland	Kelly Jones	OR	\$1,117,694,954	-	\$2,423,911,031	-	5,528	5,528	3.0%
i	City of Salt Lake	Vic Blanton	UT	-	\$110,552,100	-	\$633,795,000	-	2,693	-
g	City of Seattle	Nancy Schaefer	WA	\$712,707,000	-	\$2,891,183,000	-	-	10,602	2.3%
e	City of St. Paul	LeeAnn Turchin/Trisha Freiberger	MN	\$378,584,873	\$366,917,734	\$500,689,360	\$503,343,270	1,717	2,762	2.5%
j	Hennepin County	Jerome Booth	MN	\$1,720,393,054	-	\$1,895,331,674	-	10,931	10,931	-
o	Metropolitan Government of Nashville and Davidson County	Antonia Hayes	TN	\$1,400,000,000	-	-	-	-	-	-

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