



Request for City Council Committee Action from the Department of Human Resources

Date: July 16, 2008

To: Mayor R. T. Rybak and the Executive Committee

Referral to: Ways and Means Committee

Subject: Approval of a new appointed position: Deputy Director Managed Services, Business Information Services, 595 points, grade 13, and a market exception from the Appointed Pay Plan for the position.

Recommendations:

1. Find that the proposed position meets the criteria in Section 20.1010, Council to Establish Positions, as follows:
 - (1) The person occupying the position will report to the head of the designated city department or the designated city department head's deputy.
 - (2) The person occupying the position will be part of the designated department head's management team.
 - (3) The duties of the position involve significant discretion and substantial involvement in the development, interpretation, or implementation of city or department policy.
 - (4) The duties of the position do not primarily require technical expertise where continuity in the position would be significant.
 - (5) The person occupying the position needs to be accountable to, loyal to, and compatible with the mayor, the city council, and the department head.
2. Approve the proposed position: Deputy Director Managed Services, Business Information Services (Appointed), allocated to grade 13 with 595 points.
3. Approve the request for a market exception from the Appointed Pay Plan for Deputy Director Managed Services, Business Information Services, effective July 16, 2008, as shown below.

| Deputy Director Managed Services, BIS | Step A | Step B | Step C | Step D |
|--|-----------------|------------------|------------------|------------------|
| Appointed Pay Plan-Predicted Salary | \$85,508 | \$90,009 | \$92,709 | \$94,509 |
| 2008 Market Exception Request | \$11,299 | \$11,893 | \$12,250 | \$12,488 |
| Total Pay with 2008 Market Exception | \$96,807 | \$101,902 | \$104,959 | \$106,997 |

4. Approve that the exceptional compensation required to attract and retain leadership talent in this position be documented as such, understanding that the additional compensation is related to the market and not the internal equity value for the position and therefore may be subject to adjustment should factors affecting the market change. This is to ensure that the City remains competitive but does not systematically over-compensate for this talent. Any future salary changes would continue to require council approval.

Previous Directives: None.

Prepared or Submitted by: Timothy Giles, Director of Employee Services; 673-3341

Approved by: _____
Pam French
Director of Human Resources

Steven Bosacker
City Coordinator

Permanent Review Committee (PRC) - Not Applicable
Policy Review Group (PRG) - Not Applicable

Presenters in Committee: Timothy Giles, Director of Employee Services 673-3341

Financial Impact (Check those that apply)

- No financial impact (If checked, go directly to Background/Supporting Information).
- Action requires an appropriation increase to the ____ Capital Budget or ____ Operating Budget.
- Action provides increased revenue for appropriation increase.
- Action requires use of contingency or reserves.
- Business Plan: ____ Action is within the plan. ____ Action requires a change to plan.
- Other financial impact (Explain):
- Request provided to department's finance contact when provided to the Committee Coordinator.

Dear Mayor Rybak:

Background/Supporting Information

The Business Information Services (BIS) Department is proposing the addition of a position that would fit between the Director BIS and the Manager BIS. The purpose of the position as proposed is to deal more effectively with vendor performance management and managed service issues. It will have an expanded responsibility beyond what the Manager BIS has in dealing with the vendor issues. Specifically, the position will be the primary vendor manager/service provider governance coordinator for the City's multi-million dollar contract with Unisys. Within the hierarchy of the BIS Department the position will have a higher level authority than the Manager BIS classification that directs the work in various divisions in BIS, and will be able to command cooperation across divisional boundaries.

The proposed duties are listed below:

- **Information technology planning, analysis, and design:** Identify organizational architecture and financial impact of applications and technology infrastructure and processes. Direct the production of business proto-types and process flows on projects and for initiatives. Define and direct the resolution of systems problems.
- **Delivery of systems implementation:** Direct and oversee systems implementation to address City needs. Evaluate the need for and the value of investment (VOI) for systems. Plan and execute unit and integration tests applying testing methodologies, and assist project teams in planning and executing acceptance tests on system projects. Ensure that system paybacks and contractual obligations are identified as agreed to align to the City's and BIS goals.
- **Staff Management:** Evaluate employee performance, monitor workloads, schedule assignments, provide coordination for development needs of employees, and participate in the hire, discipline, and termination of employees.
- **Communication:** Communicate effectively with peers, subordinates, and BIS Senior management; internal and external computer users regarding needs, requests, inquiries, and technical problems. Develop and maintain good business relationships with vendors.
- **Technology:** Maintain a current and relevant level of technical skill and knowledge by reading trades articles, attending training seminars, and evaluating new technology.
- **Project Management:** Produce high quality estimates, including itemization of tasks, and statements of assumptions made. Conduct initial and on-going meetings with users. Create, maintain, and communicate project plans and issue log to users and systems personnel on projects; provide business oriented reports.
- **Administration and Management:** Plan, control and facilitate the assignment of project resources. Coordinate financial and architectural compliance. Develop and manage demand and capacity strategies. Prepare presentations regarding the use of technology for business outcomes.

The position was recently evaluated to ensure proper classification. Following is a summary of the evaluation study, which is attached.

| Factor | Points | Proposed |
|-------------------------|--------|--|
| Pre-requisite Knowledge | 70 | Requires a bachelor's degree in computer science and seven years of experience in an information technology environment with at least four years in management. |
| Decisions and Actions | 70 | The position will have a high level of authority and responsibility for the daily operations of the vendor management areas of the department. The position will |

| | | |
|------------------------------|----|--|
| | | frequently make independent decisions that may have significant positive or negative impact on city costs or operations. |
| Supervisory Responsibility | 10 | The proposed position will have supervisory responsibility over the two BIS Managers and their three subordinates. |
| Relationships Responsibility | 60 | Daily contact with the Chief Information Officer, and third party service providers who are delivering services to the city, frequent contact with city department liaisons, department heads and elected officials. |
| Working Conditions | 20 | Normal office setting. |
| Effort | 70 | Considerable mental effort required to coordinate multiple needs of multiple users of technology with significant deadline pressures for projects and performance. |

The Human Resources department finds that the position meets the criteria of Section 20.1010, Council to Establish Positions. Facts supporting the five criteria of Minneapolis Code of Ordinances, Section 20.1010 are listed at the end of the attached classification report.

Recommendation #3 & 4

The adopted Minneapolis Appointed Pay Plan provides that a provision that allows the Council the discretion to deviate from the formula-determined pay range in cases where the market is at least 10% above the standard pay range. That provision states that “exceptions [from the plan] will be allowed for extreme cases as when market for a position is so high that sufficiently qualified candidates can not be attracted or retained by the Minneapolis rate.”

As market rates are tied to the supply of versus the demand for specific competencies at a point in time, the prevailing rate in the market may increase or decrease in time. Accordingly, Human Resources conducted a market analysis for the position, contracting with the Employer’s Association, Inc. for the project. As a result of that analysis, we are requesting an exception from the appointed pay plan in the amount shown in the chart above. A summary of the analysis and the data are provided below.

Market Analysis

Recently, the City contracted with the Employers Association to provide current market information on comparable positions to determine whether an exception is justified for Deputy Director Managed Services, BIS is warranted.

Several larger local jurisdictions were contacted to request information for jobs with an 80% to 120% degree of match to the job. Organizations contacted directly were:

- Saint Paul
- Ramsey County
- Hennepin County

- Dakota County

Findings

Of the organizations contacted directly, Hennepin and Ramsey stated that they have no match. Dakota matched a job of a similar level, but with less vendor relations responsibility. Saint Paul matched a job of similar level, but it too has little or no vendor relations responsibility. There were no precise matches within the five major jurisdictions.

Closer matches were found in three published surveys. Data from the following surveys were matched:

- *The National Information Technology and Engineering Compensation Survey, 2007 edition, sponsored by the Employers Association Group;*
- *Survey Report on Professional Specialized Services Personnel Compensation, 2007 edition, published by Watson Wyatt Data Services;*
- *Survey Report on Middle Management Compensation, 2007 edition, published by Watson Wyatt Data Services;*
- *Mercer Benchmark Database Information Technology Systems Survey Report, 2007 edition.*

All data was updated to July 1, 2008 using a factor of 2.8% per year, or 0.23333% per month. Data used was regional and in the case of Watson Wyatt data from for-profit and not-for-profit organizations was separated. The other sources include for-profit and not-for-profit mixed.

A summary of the weighted average of the various sources of data results in a rounded market estimate of \$97,000. Some upside potential is represented by the third quartile of data at a rounded rate of \$106,700.

Some private sector employers as well and not-for profit employers will pay incentives. It is not typical to find incentives in the public sector. When it is provided, bonus pay at this level is typically in the 10% to 20% range, but not everyone receives a payment. As we look at the aggregate impact of bonuses across all of the selected data, we find an average total compensation of approximately \$102,800. Private sector data tends to run above this number and not-for-profit data tends to run lower.

Other Considerations

While it is commonly held that not-for-profit organizations, which includes government, tend to pay lower than for-profit organizations, in this case the differences are modest. Any advantage in base pay for jobs at this level among private sector employers is partially offset by a strong benefits package in the public sector. There is a trend of stronger benefits spending in the public sector as is evidenced in national employment cost trends.

Information Technology Compensation Trends

Recently observed market trends indicate that information technology positions in general are expected to remain in demand.

Recruiting and Retention

In addition to attracting new applicants, retaining existing staff is important. If an experienced manager is performing as expected, it is less costly to pay that individual a higher salary than to replace him or her, particularly if critical knowledge is lost with the incumbent. Work environment, support for initiatives, personal growth opportunities and recognition are also important factors that will help the City attract and retain key information technology staff.

Internal Equity in BIS and Other Factors

The current market situation fits the contemplated salary administration exception. We therefore recommend using the labor market instead of job evaluation points as the primary decision driver. In this case we recommend that the top rate be set at \$106,997, a 13% exception from the top rate of the Appointed Pay Plan. Our recommendation is based on market information as well as current pay for the Chief Information Officer and the Director BIS' relative equity of pay for these job classes, and maintaining a reasonable salary progression in the Business Information Services management series. Currently, our Chief Information Officer and Director BIS' top step rates are currently 10% and 17% respectively above the Appointed Pay Plan predicted pay rates for the positions.

For purposes of comparison, the following table shows the 2008 salary ranges for Chief Information Officer and Director BIS, the recommended salary range and the formula predicted salary for Deputy Director Managed Services, Business Information.

| Job Title | Pts | Grade | Step A | Step B After 1 "A" year | Step C After 2 "B" Years | Step D After 3 "C" Years |
|--|-----|-------|-----------|-------------------------------|--------------------------------|--------------------------------|
| Chief Information Officer | 775 | 117 | 122,781 | 129,243 | 133,120 | 135,705 |
| Director, BIS | 638 | 14 | \$103,270 | \$108,705 | \$111,966 | \$114,140 |
| Deputy Director Managed Services, BIS Recommended salary range | 595 | 13 | \$96,807 | \$101,902 | \$104,959 | \$106,997 |
| Deputy Director Managed Services, BIS Formula predicted salary range | 595 | 13 | \$85,508 | \$90,009 | \$92,709 | \$94,509 |

The salary schedule format is shown under recommendation number three at the beginning of the report.

Attached: Classification Report

Cc: Lynn Willenbring, BIS
Bill Champa, HR
Lisa Brown, Central Payroll
Mike Hebner, Classifications
Barbara Payton, HRIS
Pam Nelms, Compensation
File