



City of Denton
2016 Classification and Compensation Study

FINAL REPORT

Presented to the City Council
By UM Global HR LP

August 1, 2016



Table of Contents

OBJECTIVES OF THE STUDY

- ❖ Objectives
- ❖ Overview of Our Approach

METHODS USED FOR JOB ANALYSIS

- ❖ Summary of Job Complexity Level (JCL®) Method
- ❖ Summary of Point-Factor Job Analysis Method

RECOMMENDATIONS

- ❖ Recommended Pay Plans and New Grades

HIGH-LEVEL FINDINGS

- ❖ External Competitiveness of Base Salaries Based on Market Data
- ❖ Variable Pay Practices
- ❖ Merit Pay Matrix Trends

FINANCIAL ESTIMATES

- ❖ Priority: Match to Minimum, Address Internal Equity
 - ❖ Option: Internal Equity Adjustments For Hard-To-Fill Positions
-

Objectives of the Study and Overview of Our Approach

Objectives of the Study

Review Internal Equity Situation

- Address salary compression among jobs in the same grades
- Address salary compression between Supervisors and Direct Reports

Determine Market Competitiveness

- Alleviate difficulties in finding qualified candidates
- Alleviate retention issues brought about by internal competition
- Alleviate retention issues in general

Update Salary Structures

- Address compression due to narrow and thin pay plan design
- Address salaries topping out more quickly than expected
- Address FLSA concerns through better pay plan designs

Overview of Our Approach

Communication	Job Evaluation	Market Study	Pay Structures	Grade Assignments
<ul style="list-style-type: none">• Town-hall Sessions• Individual meetings with Directors and Managers• Updates to Leadership team	<ul style="list-style-type: none">• Position Description Questionnaire• Updated Job Descriptions• Interviews with Directors & Managers• Job Complexity Level (JCL)• Point-Factor Method	<ul style="list-style-type: none">• Define Labor Market• Design Survey Questionnaire• Types of Data Needed• Data Tabulation• Data Analysis	<ul style="list-style-type: none">• Use of market data to update the existing pay plans• Develop a wider and consistent pay plan ranges• Develop a consistent grade differentials	<ul style="list-style-type: none">• Use of Point-Factor Method to assign jobs to grades• Use of market data as reference to determine appropriateness of jobs to grades• Monitor internal equity
Objective: To maintain project transparency and leverage institutional knowledge	Objective: To determine jobs' internal worth	Objective: To determine external competitiveness	Objective: To address issues with existing pay plans	Objective: To ensure internal equity

Methods Used For Job Analysis

Types of Work and Their Roles From Strategic Mission And Vision To Operational Execution

UM Global HR's Proprietary Job Complexity Level (JCL®) Method

LEVELS OF WORK COMPLEXITY BANDS		
Complexity Band	EXAMPLE TYPES OF WORK	ROLE IN THE ORGANIZATION
VI	Executive Positions	10+ Years— Strategic Value Mission & Vision
V	Executive Directors, Chief Financial Officer, Exec VPs, Assist City Mgrs.	5 to 10 Years— Strategic Viability (Business Strategy)
IV	Middle and senior manager positions: Director, VP AND highest level exempt "expert" individual contributor specialists, senior researcher, scientist or professionals and senior administrators	2 to 5 Years— Strategic Operational Planning (Strategy Execution)
III	First level management positions AND senior exempt individual contributor positions. Includes managers, engineers, scientists, senior technicians etc., or many lawyers, doctors, professors	1 to 2 Years—Tactical Implementation (Operational Plan Execution)
II	Exempt supervisory and individual contributor positions AND nonexempt supervisory & individual contributor specialist and technical positions, Linemen, Utility Specialists, and Journey Level	3 Mos. – 1 Year— Operation Work Process Facilitation (Focus is Service)
I	Nonexempt individual contributor, administrative support positions, clerical, maintenance, and entry-level specialist positions, and equipment operators	0 to 3 Months— Operational Execution (Focus is Quality)

¹Jobs within a level are not equal. They are simply ranked higher or lower than other jobs in other levels. A final round, which includes point-factor scoring and market analysis, will be used to form new job grades in each JCLR Level to further refine and determine a final grade hierarchy.

Job Complexity Levels (JCL®)

Job Complexity Levels (JCL®) General Descriptions
Level VI: Executive leadership with responsibility for creating a vision and a mission. Work involves interpreting internal and external events, values, culture, and economies to create a conceptual path of where the organization wants to be in the future. Realization of the work product is generally 10 or more years
Level V: Work involves interpreting the organizational strategic plan and articulating a business strategy regarding the deployment of resources in support of sustaining the long-term viability and "Mission" of the overall organization. Realization of the work product is generally 5 to 10 years
Level IV: Work involves developing and implementing operational strategy, setting policies or priorities, and controlling costs within an operational area. Work products are generally completed within 2 to 5 years.
Level III: This is the first JCL level where managers manage lower level "Managers/Supervisors", professionals, specialists, "operational" work units or division heads, and where an understanding of how the whole process fits with an overall tactical plan. It also includes professional technical "experts", with high levels of training. Work products are generally completed within 1 to 2 years.
Level II: Work involves general control of a work process, project, or task, or responsibility of a technical or specialist area that requires some interpretation. This is also the first level where supervisors/managers supervise other employees, crews, specialists or multiple work processes. Work products are generally completed within 3 months to 1 year.
Level I: Work involves direct, hands-on manual, administrative, clerical or service delivery work to make, complete something, or perform tasks that are specified beforehand. Work products are generally completed within 0 to 3 months.

Jobs that are more complex take longer to complete, require more decision-making, present more unknowns, present more ambiguity, and require more alternative plans and solutions.

JOB COMPLEXITY LEVEL RANK (JCL+RANK)

JCLR is the classification of a job into one of seven levels of complexity defined by:

- ❑ The time it takes to complete the longest task (time horizon) in which the individual uses discretion to produce an output without feedback from a supervisor or client
- ❑ The nature of the work (manual, operational, coordinating, supervisory, tactical operational, tactical strategic, strategic)
- ❑ And then ranking jobs within each level as Low, Medium, or High.

UM Global HR Job Complexity Leveling and Ranking JCLR®

JOB COMPLEXITY LEVEL

Compensation Rank	Level I	Level II	Level III	Level IV	Level V	Level VI
Compensation Rank 1 (Low)	1.1	2.1	3.1	4.1	5.1	6.1
Compensation Rank 2 (Medium)	1.2	2.2	3.2	4.2	5.2	6.2
Compensation Rank 3 (High)	1.3	2.3	3.3	4.3	5.3	6.3

POINT FACTOR JOB EVALUATION

- UM Global HR Uses Point Factor Job Evaluation for Validating the Results of Job Complexity Level Analysis
- The Factors, which are also called “Compensable Factors” include:

Factors 1 - 4		Factors 5 - 8		Factors 9-12		Factors 13-14	
(1) Knowledge		(5) Supervision Given		(9) Working Conditions		(13) Supervision Received	
(2) Experience		(6) Written Communication		(10) Customer Interactions		(14) Internal Interactions	
(3) Consequences of Errors		(7) Oral Communication		(11) Professional Credentials			
(4) Formal Education		(8) Project Authority		(12) Budget Responsibilities			

Jobs-to-Grade Assignments Based on Job Complexity Level Before and After

Grade Assignments Based on Job Complexity Levels

Before

		Job Complexity Level Rating (JCLR)																			
#	Current Grades	1.1	1.2	1.3	2.1	2.2	2.3	3.1	3.2	3.3	4.1	4.2	4.3	5.3	6.1	6.2	6.3		Total		
1	G02	1																	1		
2	G03		15	10	1														26		
3	G04		41	17	7	1													66		
4	G05		4	18	17		1												40		
5	G06				82	6	1												89		
6	G07			5	41	4	3												53		
7	G08				16	88	13												117		
8	G09				9	7	3												19		
9	G09S						4												4		
10	G10					1	49												50		
11	G10S						7												7		
12	G11				6														6		
13	G13						20												20		
14	G13S						3	1											4		
15	G14						4												4		
16	G14S						5												5		
17	G15						27												27		
18	G15S						18	3											21		
19	G15M						1	2		6									9		
20	G16						40			1									41		
21	G16S						3	9											12		
22	G16M							5	19	4	1								29		
23	G17						4												4		
24	G17S									2									2		
25	G17M										11								11		
26	G18							5	2		1								8		
27	G18M										5								5		
28	G18D										2			2					4		
29	G19								7										7		
30	G19M											4	3						7		
31	G20													5					5		
32	G21M														10				10		
33	G22M															3			3		
34	G23M															2	4		6		
35	G24M																1	1	3		
	Total	1	60	50	179	107	206	25	28	13	24	3	7	12	4	5	1		725		

After

	New Grades	Job Complexity Level Rating (JCLR)													Total
		1.1	1.2	1.3	2.1	2.2	2.3	3.1	3.2	3.3	4.1	4.2	4.3		
1	G0510	1												1	
2	G0520		30											30	
3	G0530			79										79	
4	G0540			77										77	
5	G0550			75										75	
6	G0560				147									147	
7	G0570					77								77	
8	G0580						30							30	
9	G0590						13							13	
10	G0600						1							1	
11	G0650						30							30	
12	G0651						26							26	
13	G0652						16							16	
14	G0653						36							36	
15	G0654						10							10	
16	G0655						24							24	
17	G0656							16						16	
18	G0657								9					9	
19	G0658								12					12	
20	G0659								9					9	
21	G0660								3					3	
22	G0661								11					11	
23	G0662								11					11	
24	G0663									10				10	
25	G0664									4				4	
26	G0665										2			2	
27	G0666										4			4	
28	G0667											7		7	
29	G0668												1	1	
30	G0669												1	1	
Grand Total		1	30	231	147	77	186	16	55	14	6	7	2	772	

Recommended Pay Plan Structures As of July 25, 2016

Changes to Pay Plans

- We combined the two career ladders (Business and Technical Operations)
- Made exempt pay plan compliant with new FLSA rule
- Expanded the range spread from 35% to a uniformed 66% spread
- Pay plans are cut into 7 segments to allow for career progression within pay grades
- Each of the pay plans now have consistent grade differentials
- The new plan encourages progression through ranges, rather than immediate promotion or reclassification

General Government Pay Plan



NON-EXEMPT GENERAL PAY PLAN

BEFORE

BUSINESS OPERATIONS (Career Ladder 1)				TECHNICAL OPERATIONS (Career Ladder 2)			
Grade	Min	MIDPT	Max	Grade	Min	MIDPT	Max
G01	\$21,632	\$24,960	\$28,288	G02	\$22,880	\$26,520	\$30,160
G03	\$26,312	\$30,576	\$34,840	G04	\$28,061	\$32,736	\$37,411
G05	\$31,408	\$36,816	\$42,224	G06	\$33,592	\$39,520	\$45,448
G07	\$36,608	\$43,264	\$49,920	G08	\$39,520	\$46,800	\$54,080
G09	\$42,016	\$50,128	\$58,240	G10	\$45,760	\$54,600	\$63,440
G09S	\$47,840	\$57,200	\$66,560	G10S	\$52,728	\$62,400	\$72,072

Range Spread: 35%
Grade Differentials: From 7% to 15%

AFTER

NEW GRADE	MIN	P10	P25	P50	P75	P90	MAX
G0500	\$22,040	\$23,494	\$25,676	\$29,313	\$32,950	\$35,132	\$36,586
G0510	\$24,244	\$25,844	\$28,244	\$32,244	\$36,245	\$38,645	\$40,245
G0520	\$26,668	\$28,428	\$31,068	\$35,469	\$39,869	\$42,509	\$44,269
G0530	\$29,335	\$31,271	\$34,175	\$39,016	\$43,856	\$46,760	\$48,696
G0540	\$32,269	\$34,398	\$37,593	\$42,917	\$48,241	\$51,436	\$53,566
G0550	\$35,495	\$37,838	\$41,352	\$47,209	\$53,066	\$56,580	\$58,922
G0560	\$39,045	\$41,622	\$45,487	\$51,930	\$58,372	\$62,238	\$64,815
G0570	\$42,949	\$45,784	\$50,036	\$57,123	\$64,209	\$68,461	\$71,296
G0580	\$47,244	\$50,363	\$55,040	\$62,835	\$70,630	\$75,308	\$78,426
G0590	\$51,969	\$55,399	\$60,544	\$69,119	\$77,693	\$82,838	\$86,268
G0600	\$57,166	\$60,939	\$66,598	\$76,030	\$85,463	\$91,122	\$94,895
G0610	\$62,882	\$67,032	\$73,258	\$83,633	\$94,009	\$100,234	\$104,385

Technology Services Pay Plan



NON EXEMPT – TECHNOLOGY DEPARTMENT

BEFORE

TECHNICAL OPERATIONS (Career Ladder 2)			
Grade	Min	MIDPT	Max
T610	\$44,000	\$55,000	\$66,000
T620	\$48,400	\$60,500	\$72,600

Range Spread: 50%
Grade Differentials: 5%

AFTER

NEW GRADE	MIN	P10	P25	P50	P75	P90	MAX
T0500	\$46,235	\$49,286	\$53,864	\$61,492	\$69,121	\$73,698	\$76,750
T0510	\$50,858	\$54,215	\$59,250	\$67,642	\$76,033	\$81,068	\$84,425

DME Pay Plan

NON EXEMPT - DENTON MUNICIPAL ELECTRIC (DME)

BEFORE

BUSINESS OPERATIONS (Career Ladder 1)			
Grade	Min	MIDPT	Max
DME01	\$21,640	\$24,929	\$28,217
DME03	\$26,308	\$30,551	\$34,794
DME05	\$31,294	\$36,810	\$42,326
DME07	\$36,598	\$43,281	\$49,964
DME09	\$42,220	\$50,494	\$58,768
DME9S	\$48,266	\$58,132	\$67,997

TECHNICAL OPERATIONS (Career Ladder 2)			
Grade	Min	MIDPT	Max
DME02	\$24,969	\$28,810	\$32,651
DME04	\$32,545	\$37,667	\$42,788
DME06	\$41,721	\$48,764	\$55,806
DME08	\$51,111	\$60,181	\$69,251
DME10	\$60,715	\$72,452	\$84,189
DME10S	\$66,797	\$80,028	\$93,259

Range Spread: 40%
Grade Differentials: From 10% to 30%

AFTER

NEW GRADE	MIN	P10	P25	P50	P75	P90	MAX
E0500	\$24,588	\$26,211	\$28,646	\$32,703	\$36,760	\$39,194	\$40,817
E0510	\$27,020	\$28,804	\$31,479	\$35,937	\$40,395	\$43,070	\$44,854
E0520	\$29,722	\$31,684	\$34,627	\$39,531	\$44,435	\$47,377	\$49,339
E0530	\$32,695	\$34,852	\$38,089	\$43,484	\$48,878	\$52,115	\$54,273
E0540	\$35,964	\$38,338	\$41,898	\$47,832	\$53,766	\$57,327	\$59,700
E0550	\$39,560	\$42,171	\$46,088	\$52,615	\$59,143	\$63,059	\$65,670
E0560	\$43,516	\$46,389	\$50,697	\$57,877	\$65,057	\$69,365	\$72,237
E0570	\$47,868	\$51,027	\$55,766	\$63,665	\$71,563	\$76,302	\$79,461
E0580	\$52,655	\$56,130	\$61,343	\$70,031	\$78,719	\$83,932	\$87,407
E0590	\$57,920	\$61,743	\$67,477	\$77,034	\$86,591	\$92,325	\$96,148
E0600	\$63,712	\$67,917	\$74,225	\$84,738	\$95,250	\$101,558	\$105,763
E0610	\$70,084	\$74,709	\$81,648	\$93,211	\$104,775	\$111,713	\$116,339

General Government Pay Plan

EXEMPT GENERAL PAY PLAN

BEFORE

BUSINESS PROFESSIONAL (Career Ladder 4)				TECHNICAL PROFESSIONAL (Career Ladder 3)			
Grade	Min	MIDPT	Max	Grade	Min	MIDPT	Max
G11	\$33,500	\$40,000	\$46,500	G12	\$37,000	\$45,500	\$52,000
G13	\$40,500	\$49,000	\$57,500	G14	\$44,500	\$54,000	\$63,500
G15	\$49,000	\$60,000	\$71,000	G16	\$54,500	\$67,000	\$79,500
G16	\$54,500	\$67,000	\$79,500	G17	\$61,000	\$75,000	\$89,000
G18	\$68,000	\$84,000	\$100,000	G19	\$75,500	\$94,000	\$112,500
G20	\$84,000	\$105,000	\$126,000	G21	na	na	na

BUSINESS SPECIALTY W/MANAGEMENT (Career Ladder 4A)				TECHNICAL SPECIALTY W/MANAGEMENT (Career Ladder 3A)			
Grade	Min	MIDPT	Max	Grade	Min	MIDPT	Max
G13S	\$43,300	\$52,400	\$61,500	G14S	\$47,600	\$57,800	\$68,000
G15S	\$52,400	\$64,200	\$76,000	G16S	\$58,300	\$71,700	\$85,100
G15M	\$56,400	\$69,000	\$81,600	G16M	\$62,700	\$77,100	\$91,500
G16S	\$58,300	\$71,700	\$85,100	G17S	\$65,300	\$80,200	\$95,100
G16M	\$62,700	\$77,100	\$91,500	G17M	\$70,200	\$86,300	\$102,400
G18M	\$78,200	\$96,600	\$115,000	G19M	\$86,800	\$108,100	\$129,400
G18D	\$81,600	\$100,800	\$120,000	G19D	\$90,600	\$112,800	\$135,000

Range Spread 39% to 50%
Grade Differentials 4% to 26%

AFTER

NEW GRADE	MIN	P10	P25	P50	P75	P90	MAX
G0650	\$47,476	\$50,609	\$55,310	\$63,143	\$70,977	\$75,677	\$78,810
G0651	\$49,612	\$52,887	\$57,798	\$65,985	\$74,171	\$79,082	\$82,357
G0652	\$51,845	\$55,267	\$60,399	\$68,954	\$77,508	\$82,641	\$86,063
G0653	\$54,178	\$57,754	\$63,117	\$72,057	\$80,996	\$86,360	\$89,935
G0654	\$56,616	\$60,353	\$65,958	\$75,299	\$84,641	\$90,246	\$93,983
G0655	\$59,164	\$63,069	\$68,926	\$78,688	\$88,450	\$94,307	\$98,212
G0656	\$61,826	\$65,907	\$72,027	\$82,229	\$92,430	\$98,551	\$102,631
G0657	\$64,608	\$68,872	\$75,269	\$85,929	\$96,589	\$102,986	\$107,250
G0658	\$67,516	\$71,972	\$78,656	\$89,796	\$100,936	\$107,620	\$112,076
G0659	\$70,554	\$75,210	\$82,195	\$93,837	\$105,478	\$112,463	\$117,119
G0660	\$73,729	\$78,595	\$85,894	\$98,059	\$110,225	\$117,524	\$122,390
G0661	\$77,047	\$82,132	\$89,759	\$102,472	\$115,185	\$122,812	\$127,897
G0662	\$80,514	\$85,828	\$93,798	\$107,083	\$120,368	\$128,339	\$133,653
G0663	\$84,137	\$89,690	\$98,019	\$111,902	\$125,784	\$134,114	\$139,667
G0664	\$87,923	\$93,726	\$102,430	\$116,938	\$131,445	\$140,149	\$145,952
G0665	\$91,879	\$97,944	\$107,040	\$122,200	\$137,360	\$146,456	\$152,520
G0666	\$96,014	\$102,351	\$111,856	\$127,699	\$143,541	\$153,046	\$159,383
G0667	\$100,335	\$106,957	\$116,890	\$133,445	\$150,000	\$159,933	\$166,556
G0668	\$104,850	\$111,770	\$122,150	\$139,450	\$156,750	\$167,130	\$174,051
G0669	\$109,568	\$116,799	\$127,647	\$145,725	\$163,804	\$174,651	\$181,883

Technology Services Pay Plan



EXEMPT – TECHNOLOGY SERVICES

BEFORE

TECHNICAL PROFESSIONAL SUPERVISORY WITH MANAGEMENT (Career Ladder 3A)			
Grade	Min	MIDPT	Max
T711	\$65,940	\$82,425	\$98,910
T712	\$69,080	\$86,350	\$103,620
T721	\$75,831	\$94,789	\$113,747
T722	\$79,442	\$99,303	\$119,163
T731	\$87,206	\$109,007	\$130,808
T732	\$91,358	\$114,198	\$137,037

TECHNICAL PROFESSIONAL (Career Ladder 3)			
Grade	Min	MIDPT	Max
T710	\$62,800	\$78,500	\$94,200
T720	\$72,220	\$90,275	\$108,330
T730	\$83,053	\$103,816	\$124,580
T740	\$95,511	\$119,389	\$143,266
T750	\$109,838	\$137,297	\$164,756

Range Spread: 50%
Grade Differentials: 15%

AFTER

NEW GRADE	MIN	P10	P25	P50	P75	P90	MAX
T0650	\$63,050	\$67,211	\$73,453	\$83,856	\$94,259	\$100,501	\$104,662
T0651	\$66,517	\$70,907	\$77,493	\$88,468	\$99,443	\$106,029	\$110,419
T0652	\$70,176	\$74,807	\$81,755	\$93,334	\$104,913	\$111,860	\$116,492
T0653	\$74,035	\$78,922	\$86,251	\$98,467	\$110,683	\$118,013	\$122,899
T0654	\$78,107	\$83,262	\$90,995	\$103,883	\$116,771	\$124,503	\$129,658
T0655	\$82,403	\$87,842	\$96,000	\$109,596	\$123,193	\$131,351	\$136,789
T0656	\$86,935	\$92,673	\$101,280	\$115,624	\$129,969	\$138,575	\$144,313
T0657	\$91,717	\$97,770	\$106,850	\$121,984	\$137,117	\$146,197	\$152,250
T0658	\$96,761	\$103,148	\$112,727	\$128,693	\$144,658	\$154,238	\$160,624
T0659	\$102,083	\$108,821	\$118,927	\$135,771	\$152,614	\$162,721	\$169,458

DME Pay Plan

EXEMPT - DENTON MUNICIPAL ELECTRIC

BEFORE

BUSINESS OPERATIONS (Career Ladder 1)				TECHNICAL OPERATIONS (Career Ladder 2)			
Grade	Min	MIDPT	Max	Grade	Min	MIDPT	Max
DME11	\$21,640	\$24,929	\$28,217	DME12	\$36,380	\$43,870	\$51,360
DME13	\$26,308	\$30,551	\$34,794	DME14	\$44,405	\$54,570	\$64,735
DME15	\$31,294	\$36,810	\$42,326	DME14S	\$48,899	\$60,027	\$71,155
DME16	\$36,598	\$43,281	\$49,964	DME16	\$55,105	\$67,945	\$80,785
DME18	\$42,220	\$50,494	\$58,768	DME17	\$62,060	\$77,040	\$92,020
DME20	\$48,266	\$58,132	\$67,997	DME19	\$81,320	\$101,115	\$120,910
				DME21	\$107,000	\$133,750	\$160,500

Range Spread: 40%
Grade Differentials: From 10% to 30%

AFTER

NEW GRADE	MIN	P10	P25	P50	P75	P90	MAX
E0650	\$47,476	\$50,609	\$55,310	\$63,143	\$70,977	\$75,677	\$78,810
E0651	\$49,897	\$53,190	\$58,130	\$66,363	\$74,596	\$79,536	\$82,829
E0652	\$52,442	\$55,903	\$61,095	\$69,748	\$78,401	\$83,593	\$87,054
E0653	\$55,117	\$58,754	\$64,211	\$73,305	\$82,399	\$87,856	\$91,494
E0654	\$57,928	\$61,751	\$67,486	\$77,044	\$86,602	\$92,336	\$96,160
E0655	\$60,882	\$64,900	\$70,927	\$80,973	\$91,018	\$97,046	\$101,064
E0656	\$63,987	\$68,210	\$74,545	\$85,102	\$95,660	\$101,995	\$106,218
E0657	\$67,250	\$71,689	\$78,346	\$89,443	\$100,539	\$107,197	\$111,635
E0658	\$70,680	\$75,345	\$82,342	\$94,004	\$105,666	\$112,664	\$117,329
E0659	\$74,285	\$79,187	\$86,542	\$98,798	\$111,055	\$118,410	\$123,312
E0660	\$78,073	\$83,226	\$90,955	\$103,837	\$116,719	\$124,448	\$129,601
E0661	\$82,055	\$87,470	\$95,594	\$109,133	\$122,672	\$130,795	\$136,211
E0662	\$86,240	\$91,931	\$100,469	\$114,699	\$128,928	\$137,466	\$143,158
E0663	\$90,638	\$96,620	\$105,593	\$120,548	\$135,504	\$144,477	\$150,459
E0664	\$95,260	\$101,548	\$110,978	\$126,696	\$142,414	\$151,845	\$158,132
E0665	\$100,119	\$106,726	\$116,638	\$133,158	\$149,677	\$159,589	\$166,197
E0666	\$105,225	\$112,169	\$122,587	\$139,949	\$157,311	\$167,728	\$174,673
E0667	\$110,591	\$117,890	\$128,839	\$147,086	\$165,334	\$176,282	\$183,581
E0668	\$116,231	\$123,903	\$135,409	\$154,588	\$173,766	\$185,273	\$192,944

DME Pay Plan

ENERGY MANAGEMENT ORGANIZATION

BEFORE

DME - ELECTRIC MANAGEMENT CAREER LADDER (EM)			
Grade	Min	MIDPT	Max
EM11	\$50,000	\$59,000	\$68,000
EM13	\$59,400	\$79,200	\$99,000
EM13B	\$74,250	\$99,000	\$123,750
EM15	\$75,000	\$102,500	\$130,000
EM16	\$80,000	\$109,200	\$138,400
EM15B	\$86,250	\$117,875	\$149,500
EM15S	\$90,750	\$124,025	\$157,300
EM16B	\$92,000	\$125,580	\$159,160

Range Spread: From 31% to 39%
Grade Differentials: From 1% to 34%

AFTER

DME – ENERGY MANAGEMENT ORGANIZATION (EMO), Exempt

NEW GRADE	MIN	P10	P25	P50	P75	P90	MAX
EM0700	\$58,853	\$62,384	\$67,681	\$76,509	\$85,337	\$90,633	\$94,165
EM0701	\$67,647	\$71,706	\$77,794	\$87,941	\$98,088	\$104,176	\$108,235
EM0702	\$77,755	\$82,420	\$89,418	\$101,082	\$112,745	\$119,743	\$124,408
EM0703	\$84,364	\$89,426	\$97,019	\$109,674	\$122,328	\$129,921	\$134,983
EM0704	\$91,535	\$97,027	\$105,266	\$118,996	\$132,726	\$140,964	\$146,456
EM0705	\$99,316	\$105,275	\$114,213	\$129,111	\$144,008	\$152,946	\$158,905
EM0706	\$107,758	\$114,223	\$123,921	\$140,085	\$156,249	\$165,947	\$172,412
EM0707	\$116,917	\$123,932	\$134,455	\$151,992	\$169,530	\$180,052	\$187,067
EM0708	\$126,855	\$134,466	\$145,883	\$164,911	\$183,940	\$195,357	\$202,968

General Government Management Pay Plan



MANAGEMENT PAY PLAN

BEFORE

Old Grade	Min	MP	Max
G21M	\$96,000	\$120,000	\$144,000
G22M	\$109,000	\$136,000	\$162,000
G23M	\$124,000	\$155,000	\$186,000

Range Spread: Avg. 50%
Grade Differentials: 13%

AFTER

GENERAL MANAGEMENT

NEW GRADE	MIN	P10	P25	P50	P75	P90	MAX
G0800	\$110,664	\$117,967	\$128,923	\$147,183	\$165,442	\$176,398	\$183,702
G0801	\$128,370	\$136,842	\$149,551	\$170,732	\$191,913	\$204,622	\$213,094
G0802	\$148,909	\$158,737	\$173,479	\$198,049	\$222,619	\$237,361	\$247,189

Technology Services Management Pay Plan



MANAGEMENT PAY PLAN

BEFORE

Old Grade	Min	MP	Max
T742	\$105,062	\$131,328	\$157,593
T751	\$109,838	\$137,297	\$164,756
T752	\$115,329	\$144,162	\$172,994

Range Spread: Avg. 50%
Grade Differentials: 5%

AFTER

TECHNOLOGY MANAGEMENT

NEW GRADE	MIN	P10	P25	P50	P75	P90	MAX
T0800	\$105,161	\$112,101	\$122,512	\$139,864	\$157,215	\$167,626	\$174,567
T0801	\$110,419	\$117,706	\$128,638	\$146,857	\$165,076	\$176,008	\$183,295
T0802	\$115,940	\$123,592	\$135,070	\$154,200	\$173,330	\$184,808	\$192,460

DME Management Pay Plan

MANAGEMENT PAY PLAN

BEFORE

Old Grade	Min	MP	Max
DME21M	\$108,500	\$135,625	\$162,750
DME22M	\$134,540	\$168,175	\$201,810
DME23M	\$164,920	\$206,150	\$247,380

Range Spread: Avg. 50%
Grade Differentials: 23%

AFTER

DME MANAGEMENT

NEW GRADE	MIN	P10	P25	P50	P75	P90	MAX
E0800	\$117,394	\$125,142	\$136,764	\$156,133	\$175,503	\$187,125	\$194,873
E0801	\$140,872	\$150,170	\$164,116	\$187,360	\$210,604	\$224,550	\$233,848
E0802	\$169,047	\$180,204	\$196,939	\$224,832	\$252,725	\$269,461	\$280,618

High Level Findings

External Competitiveness of Base Salaries

Based on Market Data

Natural Variations in Salaries

- Differences in organizational structures
- Differences in organizational structures between public and private sectors
- Differences in job title nomenclatures
- Longevity can present variations in salaries (the longer the incumbency the higher the salaries tend to be)

Why Is It Important To Define External Competitiveness of Base Salaries?

- Because indexing to mean (or average) is only an approximation

What is a Confidence Interval?

- It is a defined range, where we can confidently say that the probability that our data points are within this range is either 90% or 95%. This is what we call the “External Competitive Range”.

How is External Competitiveness Range Defined?

- We calculated 95% confidence interval to define range values that are likely to contain the parameters that we consider to be competitive
- This means that we expect our data points to fall within the interval estimates - **95% of the time.**
- Confidence interval provided us a range (lower and upper bound)
- We compared Denton salaries against this range. If Denton salary is below the minimum of the competitive range, then the salary is below market

External Competitiveness Illustration

Confidence Interval Parameters. This is also the defined competitive range

These are market averages. In statistics these are the population mean or the "μ" "mu".

Sub Department	Current Denton Salaries	Outside of Competitive Range?		Indexed to Mean	Mkt Avg YOS	CI Lower Bound	CI Upper Bound	Mean	N	MOE
Fire Administration	\$45,334	Within Range	Within Competitive Range	95%	4	\$45,180	\$50,069	\$47,625	33	2,445
Electric Administration	\$104,777	Within Range	Within Competitive Range	99%	15	\$103,302	\$107,777	\$105,540	65	2,238
Water - Production	\$75,006	Over By	2.2%	105%	13	\$70,087	\$73,406	\$71,746	37	1,660
Risk Management	\$69,010	Below By	(7.3%)	91%	2	\$74,458	\$76,766	\$75,612	73	1,154
Water - Customer Service	\$37,440	Below By	(6.0%)	93%	16	\$39,816	\$40,830	\$40,323	73	507

Margin or Error

Indexing to average or Mean is only one measure, and is only an approximation of competitiveness.

So even though, the index shows that the salary is 5% or 1% below market mean, in reality it is still "within external competitive range", because the current salary is still higher than the CI Lower Bound.

External Competitiveness Review Based on Market Data



By Department External Competitiveness Against Public Organizations at 95% Confidence Interval

Department	Denton Jobs Below Public Market Competitive Range							Denton Jobs Above Public Market Competitive Range							Denton Jobs That Are Within Public Market Competitive Range						
	# of EE	Indexed to Public Avg	Avg Competitive Range	Denton Avg Salaries	Public Mkt Mean	Public CI Lower Bound	Public CI Upper Bound	# of EE	Indexed to Public Avg	Avg Competitive Range	Denton Avg Salaries	Public Mkt Mean	Public CI Lower Bound	Public CI Upper Bound	# of EE	Indexed to Public Avg	Avg Competitive Range	Denton Avg Salaries	Public Mkt Mean	Public CI Lower Bound	Public CI Upper Bound
Administrative Services	7	85%	(10%)	\$77,051	\$90,953	\$86,413	\$95,493	8	111%	8%	\$84,434	\$76,523	\$73,324	\$79,723	6	98%	At Par	\$131,792	\$133,352	\$123,326	\$143,378
Aviation	6	91%	(5%)	\$62,110	\$69,346	\$65,820	\$72,872								1	100%	At Par	\$37,866	\$37,818	\$37,024	\$38,613
Community Improvement Services	14	88%	(10%)	\$44,772	\$50,775	\$49,736	\$51,813	2	108%	6%	\$52,232	\$48,059	\$47,131	\$48,986	4	101%	At Par	\$69,721	\$68,515	\$65,836	\$71,195
Denton Municipal Electric	36	89%	(9%)	\$54,908	\$61,354	\$59,699	\$63,010	54	110%	7%	\$102,922	\$93,723	\$91,027	\$96,419	11	99%	At Par	\$78,457	\$80,948	\$76,457	\$85,439
Development Services	26	90%	(8%)	\$53,809	\$59,867	\$58,392	\$61,342	17	108%	5%	\$61,382	\$56,733	\$55,041	\$58,424	11	99%	At Par	\$57,026	\$57,542	\$56,151	\$58,934
Engineering Services	11	88%	(10%)	\$65,615	\$75,342	\$73,186	\$77,498	10	107%	5%	\$69,800	\$64,894	\$63,606	\$66,183	7	99%	At Par	\$104,227	\$104,511	\$99,553	\$109,468
Environmental Services	13	88%	(9%)	\$49,001	\$55,233	\$53,688	\$56,779	11	110%	6%	\$64,709	\$58,638	\$56,175	\$61,100	6	99%	At Par	\$59,033	\$58,989	\$56,757	\$61,222
Finance	40	91%	(7%)	\$44,828	\$48,777	\$47,500	\$50,054	32	111%	8%	\$63,086	\$56,789	\$55,251	\$58,327	18	100%	At Par	\$57,083	\$56,881	\$55,426	\$58,335
Fire	5	86%	(11%)	\$68,585	\$81,557	\$78,689	\$84,425	1	111%	8%	\$126,384	\$113,909	\$111,193	\$116,626	2	98%	At Par	\$88,855	\$89,498	\$85,419	\$93,576
Human Resources	10	89%	(9%)	\$55,204	\$62,287	\$60,563	\$64,010	5	108%	6%	\$69,106	\$63,885	\$62,534	\$65,236	4	100%	At Par	\$98,242	\$98,959	\$92,876	\$105,042
Legal	6	89%	(6%)	\$95,377	\$106,953	\$101,209	\$112,697	3	107%	4%	\$100,399	\$91,498	\$87,938	\$95,058	3	93%	At Par	\$108,866	\$116,639	\$106,927	\$126,351
Library	28	84%	(14%)	\$40,496	\$47,922	\$46,448	\$49,396	8	108%	5%	\$58,521	\$54,591	\$53,342	\$55,839	10	100%	At Par	\$52,654	\$52,811	\$51,224	\$54,398
Municipal Judge's Office								1	113%	11%	\$121,287	\$107,048	\$104,730	\$109,366	1	100%	At Par	\$52,634	\$52,890	\$50,744	\$55,035
Parks and Recreation	32	89%	(8%)	\$38,986	\$43,398	\$42,127	\$44,668	40	111%	8%	\$54,940	\$49,668	\$48,229	\$51,107	11	100%	At Par	\$46,678	\$46,552	\$45,247	\$47,858
Police	36	87%	(11%)	\$42,367	\$49,042	\$47,384	\$50,700	25	109%	6%	\$51,620	\$47,424	\$46,196	\$48,653	8	100%	At Par	\$41,237	\$41,043	\$39,915	\$42,171
Solid Waste	19	95%	(3%)	\$49,353	\$52,691	\$51,189	\$54,193	74	110%	8%	\$56,088	\$51,049	\$49,882	\$52,215	20	100%	At Par	\$46,610	\$46,547	\$45,339	\$47,756
Technology Services	11	92%	(5%)	\$81,435	\$88,067	\$85,320	\$90,815	15	108%	4%	\$76,515	\$71,156	\$69,027	\$73,284	8	100%	At Par	\$77,243	\$77,440	\$75,326	\$79,554
Transportation	18	89%	(9%)	\$46,307	\$52,353	\$51,002	\$53,703	19	113%	11%	\$63,942	\$56,298	\$54,930	\$57,666	3	100%	At Par	\$47,097	\$47,034	\$46,152	\$47,915
Wastewater Utilities	44	91%	(7%)	\$37,842	\$41,486	\$40,597	\$42,374	30	109%	7%	\$58,892	\$53,743	\$52,375	\$55,111	10	100%	At Par	\$60,026	\$59,862	\$58,322	\$61,401
Wastewater Utility	3	88%	(10%)	\$28,773	\$32,619	\$31,990	\$33,247								1	102%	At Par	\$45,760	\$45,083	\$44,221	\$45,946
Water Utilities	68	91%	(7%)	\$35,928	\$39,278	\$38,426	\$40,129	49	109%	7%	\$57,595	\$52,687	\$51,514	\$53,860	11	100%	At Par	\$50,127	\$50,062	\$49,109	\$51,015
Grand Total	433	89%	(8%)	\$46,886	\$52,428	\$50,927	\$53,929	405	110%	7%	\$66,328	\$60,417	\$58,793	\$62,042	156	100%		\$63,575	\$63,954	\$61,492	\$66,417

Public CI Lower Bound = 95% Confidence Interval, which is also the competitive range
 Public CI Upper Bound = 95% Confidence Interval, which is also the competitive range

External Competitiveness Review Based on Market Data



By Department External Competitiveness Against Private Organizations at 95% Confidence Interval

Department	Denton Jobs That Are Below Private Competitive Range							Denton Jobs That Are Above Private Competitive Range							Denton Jobs That Are Within Private Competitive Range						
	# of EE	Indexed to Private Avg	Avg Competitive Range	Denton Avg Salaries	Private CI Lower Bound	Private CI Upper Bound	Private Mkt Avg	# of EE	Indexed to Private Avg	Avg Competitive Range	Denton Avg Salaries	Private CI Lower Bound	Private CI Upper Bound	Private Mkt Avg	# of EE	Indexed to Private Avg	Avg Competitive Range	Denton Avg Salaries	Private CI Lower Bound	Private CI Upper Bound	Private Mkt Avg
Administrative Services	8	90.7%	0.7%	\$60,421	\$66,367	\$67,243	\$66,805														
Aviation	1	91.5%	(4.8%)	\$36,816	\$40,081	\$40,398	\$40,240														
Community Improvement Services	2	92.1%	0.4%	\$53,029	\$57,148	\$58,050	\$57,599	1	101.7%	0.7%	\$91,500	\$89,057	\$90,842	\$89,950							
Denton Municipal Electric	86	89.5%	(0.8%)	\$80,786	\$89,904	\$91,573	\$90,739	14	118.9%	7.4%	\$99,990	\$84,271	\$86,770	\$85,521							
Development Services	8	88.9%	(4.3%)	\$50,700	\$56,595	\$57,440	\$57,017	3	103.6%	1.1%	\$47,869	\$46,170	\$46,432	\$46,301							
Engineering Services	19	88.8%	(5.9%)	\$82,453	\$92,205	\$93,690	\$92,948	6	108.5%	2.6%	\$63,702	\$58,467	\$59,142	\$58,805							
Environmental Services	22	86.3%	(1.7%)	\$57,051	\$66,082	\$66,304	\$66,193	1	102.7%	1.6%	\$49,437	\$47,562	\$48,667	\$48,114							
Finance	63	87.2%	0.3%	\$57,339	\$65,934	\$67,016	\$66,475	8	112.4%	0.2%	\$54,506	\$46,488	\$47,490	\$46,989	3	100.1%	At Par	\$41,243	\$40,145	\$42,208	\$41,177
Fire	3	89.3%	(8.5%)	\$41,557	\$46,215	\$46,860	\$46,538														
Human Resources	18	90.6%	(3.9%)	\$64,341	\$70,874	\$71,971	\$71,422														
Legal	12	78.1%	(3.1%)	\$102,038	\$127,154	\$134,738	\$130,946	1	118.2%	4.0%	\$76,000	\$61,406	\$67,169	\$64,288							
Library	1	98.5%	(5.4%)	\$41,172	\$41,649	\$41,964	\$41,806														
Municipal Judge's Office																					
Parks and Recreation	32	71.8%	(4.2%)	\$38,148	\$52,054	\$52,398	\$52,226														
Police	3	90.2%	7.0%	\$44,470	\$49,170	\$49,732	\$49,451														
Solid Waste	94	91.7%	4.6%	\$51,642	\$56,232	\$56,655	\$56,443	16	122.8%	7.9%	\$59,552	\$49,793	\$50,407	\$50,100	1	94.6%	At Par	\$102,618	\$101,936	\$115,060	\$108,498
Technology Services	32	88.5%	(0.0%)	\$79,275	\$89,092	\$90,347	\$89,719	1	112.6%	14.4%	\$65,998	\$58,041	\$59,143	\$58,592	1	100.1%	At Par	\$58,641	\$58,041	\$59,143	\$58,592
Transportation	34	87.4%	1.0%	\$51,945	\$59,300	\$60,093	\$59,696	2	107.3%	5.3%	\$52,618	\$48,459	\$49,634	\$49,046							
Wastewater Utilities	53	80.5%	(3.6%)	\$42,225	\$53,135	\$53,931	\$53,533	3	108.1%	9.8%	\$51,606	\$47,291	\$48,127	\$47,709							
Wastewater Utility	3	53.1%	(7.8%)	\$33,973	\$66,159	\$67,661	\$66,910														
Water Utilities	73	77.7%	(2.0%)	\$40,603	\$52,221	\$52,835	\$52,528	2	114.0%	10.8%	\$54,613	\$47,434	\$48,396	\$47,915							
Averages	567	85.6%	(2.1%)	\$55,499	\$64,879	\$66,045	\$65,462	58	110.9%	5.5%	\$63,949	\$57,037	\$58,518	\$57,778	5	98.3%		\$67,501	\$66,707	\$72,137	\$69,422

Notes:

- (1) The number of Denton jobs that are available in the Private Sector is less than their availability in the Public Sector
- (2) This is the reason why the number of employees (#of EE) is less than what is shown in the previous slide (Public Sector)

Variable Pay Practices

What is Variable Pay?

- Variable pay is a form of supplemental compensation (often in cash) that is not base building
- Variable pay does not and should not build base salaries

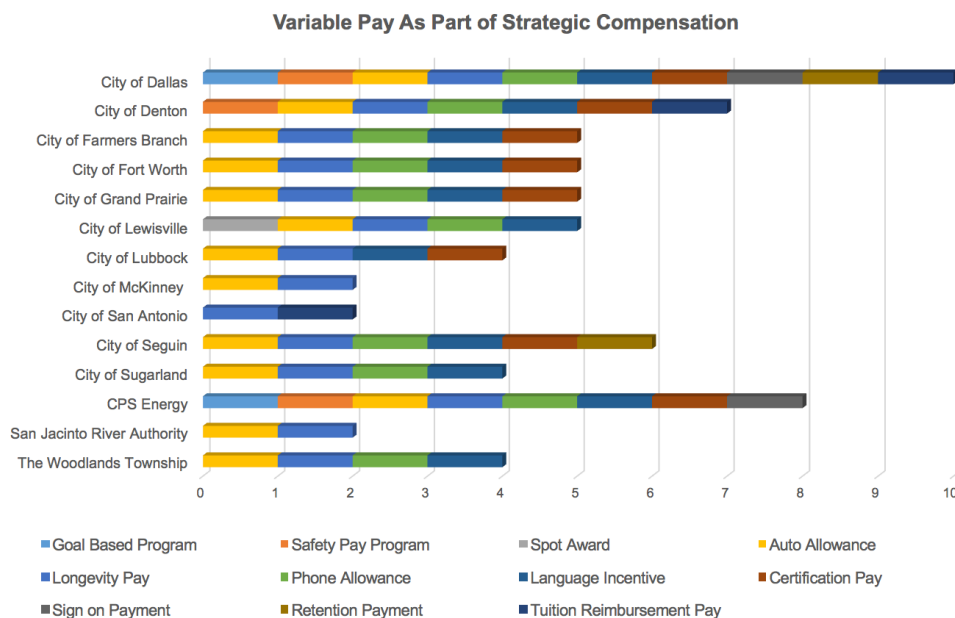
Why is it Important to Survey Variable Pay?

- Because variable pay is generally used as motivational, retention, and attraction factor

Strategic Utility of Variable Pay

- Used as part of strategic hiring
- Used as part of retention or for matching offers
- Used as part of morale boosting

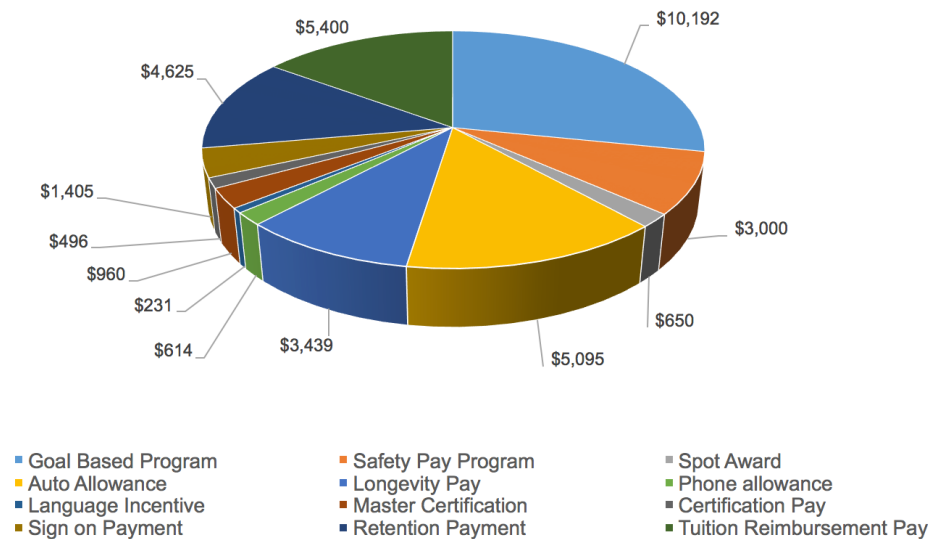
Variable Pay as a Strategic Component of Compensation



Notes:	
1	14 organizations out of 69 provided information and policies on variable pay.
2	Goal Based Programs typically exist among large MOU organizations. This is a group-based incentive and is based on power sales.
3	Longevity Bonus is typically given to all employees.
4	Sign-on Payment are typically given to jobs that are considered "hard-to-fill" positions.
5	Safety Pay Programs typically exist in Water Utility and Electric Utility Departments where safety and security is of chief considerations.
6	Phone Allowance is typically given to Senior Level employees.
7	Language Incentives are typically given to all employees. Although its beginnings are limited to Law Enforcement and Customer Service.
8	Tuition Reimbursement Pay are typically given to all employees
9	Auto Allowance is provided to positions that require constant driving and those positions in Senior Level.
10	Certification Pay are typically given to Hard to Fill positions and those positions that require dynamic skills.

Variable Pay As a Strategic Component of Compensation

Avg Annual Variable Pay Given To Employees in 2015-2016



Variable Pay	Avg. Annual Variable Pay
Goal Based Program	\$10,192
Safety Pay Program	\$3,000
Spot Award	\$650
Auto Allowance	\$5,095
Longevity Pay	\$3,439
Phone allowance	\$614
Language Incentive	\$231
Master Certification	\$960
Certification Pay	\$496
Sign on Payment	\$1,405
Retention Payment	\$4,625
Tuition Reimbursement Pay	\$5,400

What is Merit Pay?

- Merit pay is a form of recognition (often a percentage of salary) that is base building

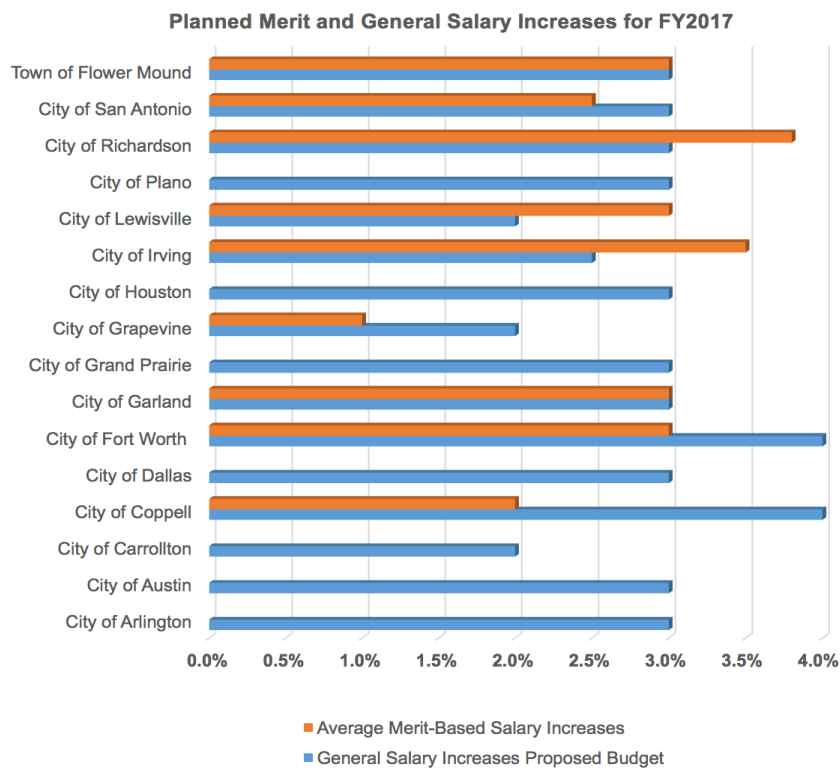
Why is it Important to Build and Maintain a Merit Pay Program?

- Merit pay is a motivational and retention factor. It indicates the organization's intent to recognize and reward performance, according to defined criteria

Strategic Considerations of Merit Pay

- Because it is not just what the organization pay, but also what the employees produce – it is important to have performance criteria and objectives
- Structurally, pay plans should have enough room to accommodate merit based increases without resulting in compression

Proposed Merit and General Salary Increases for FY2017



Notes:

- | | |
|---|--|
| 1 | 16 organizations out of 69 provided information on planned salary and / or merit increases for FY2017.

Some of the data are sourced from published literature, such as Proposed FY2017 Budget, and other spot surveys.

The rest of the participants did not have the information at the time of data collection. |
| 2 | General salary increases average is 3% |
| 3 | On average the planned merit increases among organizations in the study is 3% |
| 4 | General Salary Increases include market based adjustments, pay structure fixes, new positions, promotions, and transfers |

Cost Estimates

- The following estimated costs are related to structural changes and internal equity
- These estimates are not merit increases
- These estimates do not include any variable pay
- **Priority:**
 - Includes matching of salaries to new minimums (salaries that fell below the new minimum of a pay range)
- **Option:**
 - Includes Internal Equity Fix of Hard to Fill Positions and Below Market Positions
 - Years in Position (YIP) of equal to or greater than 5 years, but less than 10 years

Cost Estimates

Priority

Department	Minimum Match	Employee Count
General Pay Plan	\$264,709	101
DME Pay Plan	\$49,142	13
Technology Services	\$19,247	7
* Grand Total	\$333,098	121

- This is the grand total for all funds. The estimated cost for the General fund is approximately \$190,000

Option

Department	Minimum Match	Internal Equity Match to P25	Total
General Pay Plan	\$264,709	\$151,894	\$416,661
DME Pay Plan	\$49,142	\$34,772	\$83,924
Technology Services	\$19,247	\$1,032	\$20,286
* Grand Total	\$333,098	\$187,698	\$520,871

Criteria For Option

1. YIP > 5 Years, YIP <10 Years
2. Below External Competitiveness
3. Below Internal P25
4. Employees who are not currently under disciplinary proceedings

Q & A