

W. H. B.

AGENDA COVER MEMORANDUM

AGENDA DATE: August 10, 2005
PRESENTED TO: Board of County Commissioners
PRESENTED BY: Greta Utecht
AGENDA TITLE: **IN THE MATTER OF PRESENTING A DRAFT WORK PLAN
OUTLINE FOR CONDUCTING A MARKET ANALYSIS**

I. AGENDA ITEM SUMMARY

As a follow-up to the July 13, 2005 board agenda item regarding compensation for non-represented employees, Human Resources (HR) staff has prepared a draft work plan for conducting a market analysis of Lane County's management and supervisory staff and is seeking approval and direction for future action.

II. POLICY ISSUES

Section 28 (4) of the Lane County Charter requires that "the board of county commissioners shall maintain a system of personnel administration, including appeal procedures, in which each person in that service shall receive equitable compensation fixed on the basis of

- (i) competence in the position with the county,
- (ii) record of service there and elsewhere,
- (iii) the range of compensation paid others by public and private employers for comparable service
- (iv) the county's financial condition and policies, and
- (v) other factors relevant to the determination of what is fair compensation for the individual."

In addition, Lane Manual Section 2.235, Rule IV-3(a) states that "the compensation plan for County personnel shall provide reasonably competitive ranges of pay for each classification of employment. The Board may make adjustments in a salary range or ranges as necessary to attract and hold competent personnel and to provide equity between the various classifications. Such salary range adjustments are to be distinguished from merit increases in that they are not intended to give recognition to length or quality of service but are to be based solely on prevailing rates of pay in private business and other

public jurisdictions in our market area for positions comparable to the various classes of work in the County service.”

Human resources staff believes that in order to meet the above policy directives, our compensation plan for management and supervisory employees needs to be addressed with regard to market influences.

III. DISCUSSION

A. Background

As discussed in the agenda cover memo for the July 13 item, Lane County's compensation plan for our management and supervisory positions is no longer reflective of the market from which we recruit. We are forced to appoint new employees far above the mid-range of our pay grades, and we are increasingly unable to persuade potential internal candidates to apply for management positions because of what is perceived as not enough compensation. In addition, we are now faced with situations in many parts of the County organization where supervisors and managers make less or the same total compensation as the employees they supervise. Our ability to replace and retain the caliber of employee we need to meet future challenges is being compromised the longer we wait to address our competitive position in the market.

B. Analysis

To address the compensation issues referenced above, HR staff proposes that the County conduct a market analysis by undertaking the following steps in the order listed:

1. Later this month, staff will ask the Board to review the compensation of several positions in light of bargaining unit compensation adjustments resulting in managers earning less than the employees they supervise. Recommendation will be for minimal changes based solely on internal equity factors.
2. Hold a work session with the Board and an external consultant on October 11, 2005 to discuss how an internal equity system can be updated to incorporate market factors, and to determine where the Board wishes to position Lane County in the market.
3. Based on the Board's direction during the October 11 work session, HR staff will then conduct a market survey of top level positions,

beginning with the County Administrator, County Counsel, Assistant County Counsel and Department Director positions.

4. Review all supervisory and management classifications for regrouping into broader categories, thereby decreasing the number of classifications and making market surveying less complicated and time consuming.
5. Continue salary surveys and reviews of classifications where attention is needed, particularly in hard-to-fill professional classifications.

Items 2 and 4 above will require external consultant services, and staff has contacted Mr. Bruce Lawson of Fox Lawson & Associates to provide the expertise we believe is necessary for this project. His consulting experience includes work in job evaluation and compensation, organization analysis, executive search, personnel systems and policy development and he is a Certified Compensation Professional (CCP) by the American Compensation Association. Mr. Lawson has done extensive work in Oregon, in the public sector, and is very familiar with internal equity systems and the work involved in applying market factors to them. He is also very familiar with county government organization issues, and can provide a broad perspective and recommendations as to how Lane County might adjust our system to be more competitive.

Other than items 2 and 4, all work would be accomplished by HR staff. Item 2 will cost \$3,000 and after the Board has had an opportunity to discuss the parameters of the project on October 11, we will have more detailed information as to the cost of item 4.

C. Alternatives/Options

1. Approve the work plan listed above and hold a work session on October 11 to more fully evaluate project scope.
2. Request that staff return with amended work plan.

D. Recommendation

Approve Option 1.

IV. IMPLEMENTATION/FOLLOW-UP

Following Board action, staff will confirm work session date with Mr. Lawson.