

Ordinance No. 118783

Council Bill No. 111950

Law Department
The City of Seattle
Council Bill/Ordinance

AN ORDINANCE adding a new section 4.20.400 to the Seattle Municipal Code, to adopt a Manager Compensation Program.

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ORDINANCE 118783

AN ORDINANCE adding a new section 4.20.400 to the Seattle Municipal Code, to adopt a Manager Compensation Program.

WHEREAS the City is evaluating overall changes to its classification and compensation systems, with the intention of re-engineering those systems so that (1) job classifications include a wider range of duties, and classification series include avenues of advancement through skills expansion, performance excellence, and technical expertise, as appropriate; (2) the job measurement tools used to determine a position's appropriate classification and compensation are objective and understandable; (3) a link is established between the City's compensation package and those of the labor markets in which the City competes for employees; (4) compensation includes a performance pay component; and (5) employees are accorded the authority, accountability, and responsibility they require to complete their work, and their managers are accorded responsibility for implementing outcome-based performance evaluations; Now Therefore

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. There is added to Seattle Municipal Code Chapter 4.20 a new Section numbered 4.20.400, as follows:

4.20.400 Manager Compensation Program--Description

A. There is established a Manager Compensation Program to which positions identified as "Manager" will be assigned. The Personnel Director is authorized to implement and administer the Manager Compensation Program substantially in accord with the APEX, Managers and Strategic Advisors Proposal, which is incorporated by this reference. Revisions to titles and compensation components must be approved by the City Council. The titles and pay zones established for the Manager Compensation Program are:

	<u>TITLE</u>	<u>PAY ZONE (Effective 01/01/98)</u>		
1				
2				
3	Manager 1, Exempt	\$21.33	---	\$28.79
4	Manager 2, Exempt	\$25.20	---	\$34.02
5	Manager 3, Exempt	\$29.08	---	\$39.26
6	Customer Service, Public Information, and Promotion Manager 1	\$21.33	---	\$28.79
7	Customer Service, Public Information, and Promotion Manager 2	\$25.20	---	\$34.02
8	Customer Service, Public Information, and Promotion Manager 3	\$29.08	---	\$39.26
9	Human Services Manager 1	\$21.33	---	\$28.79
10	Human Services Manager 2	\$25.20	---	\$34.02
11	Human Services Manager 3	\$29.08	---	\$39.26
12	General Government Manager 1	\$21.33	---	\$28.79
13	General Government Manager 2	\$25.20	---	\$34.02
14	General Government Manager 3	\$29.08	---	\$39.26
15	Courts, Legal, and Public Safety Manager 1	\$21.33	---	\$28.79
16	Courts, Legal, and Public Safety Manager 2	\$25.20	---	\$34.02
17	Courts, Legal, and Public Safety Manager 3	\$29.08	---	\$39.26
18	Finance, Budget, and Accounting Manager 1	\$21.33	---	\$28.79
19	Finance, Budget, and Accounting Manager 2	\$25.20	---	\$34.02
20	Finance, Budget, and Accounting Manager 3	\$29.08	---	\$39.26
21	Engineering and Plans Review Manager 1	\$21.33	---	\$28.79
22				
23				

1	Engineering and Plans Review Manager 2	\$25.20	---	\$34.02
2	Engineering and Plans Review Manager 3	\$29.08	---	\$39.26
3	Utilities Manager 1	\$21.33	---	\$28.79
4	Utilities Manager 2	\$25.20	---	\$34.02
5	Utilities Manager 3	\$29.08	---	\$39.26
6	Purchasing, Contracting, and Risk Management			
7	Manager 1	\$21.33	---	\$28.79
8	Purchasing, Contracting, and Risk Management			
9	Manager 2	\$25.20	---	\$34.02
10	Purchasing, Contracting, and Risk Management			
11	Manager 3	\$29.08	---	\$39.26
12	Property and Facility Management			
13	Manager 1	\$21.33	---	\$28.79
14	Property and Facility Management			
15	Manager 2	\$25.20	---	\$34.02
16	Property and Facility Management			
17	Manager 3	\$29.08	---	\$39.26
18	Parks and Recreation Manager 1	\$21.33	---	\$28.79
19	Parks and Recreation Manager 2	\$25.20	---	\$34.02
20	Parks and Recreation Manager 3	\$29.08	---	\$39.26
21	Information Technology Manager 1	\$21.33	---	\$28.79
22	Information Technology Manager 2	\$25.20	---	\$34.02
23	Information Technology Manager 3	\$29.08	---	\$39.26

B. The Personnel Director shall recommend to the City Council for approval market adjustments to the pay zones based on a biennial labor market analysis of selected benchmark classifications from each occupational group.

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C. The Personnel Director will recommend to the City Council the initial assignment of each position within the Manager category to a pay zone, and will establish criteria for the subsequent allocation of positions to and withdrawal of positions from the Manager Compensation Program.

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D. Each employee appointed to a position within the Manager Compensation Program will be assigned a rate of pay within the pay zone by the appointing authority. If the rate of pay received by an incumbent immediately prior to assignment to the Manager Compensation Program is higher than the upper limit of the pay zone recommended by the Personnel Director, or is higher than the pay rate established for the position by the appointing authority upon program implementation, the employee will retain an incumbency rate of pay until any biennial adjustments to the pay zone equal or exceed the incumbency rate; provided, the incumbency rate will only be maintained as long as the duties assigned to the position are commensurate with the rate of pay.

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E. The Personnel Director will recommend measures of performance and establish performance recognition procedures for the Manager Compensation Program. Using these measures and procedures as guidelines, the appointing authority may award to a Manager Compensation Program participant a lump sum payment of up to eight percent (8%) of base salary, in addition to the base salary, for recognition of the accomplishment of goals and work outcomes achieved at the completion of an annual evaluation period. This lump sum payment shall be

1 considered a part of regular compensation, prorated annually, for purposes of
2 withholding retirement contributions and determining retirement benefits, for
3 affected employees who are members of the City Employees Retirement System.

4 F. For positions in the Manager Compensation Program that are
5 included in the City's classified service, the occupational group shall constitute the
6 class series and the pay zone shall constitute the classification for all relevant
7 provisions of the Seattle Municipal Code and Personnel Rules.

8 **Section 2.** It is the express intent of the City Council that, in the event another
9 ordinance has heretofore been enacted that amended any section or subsection of
10 the Seattle Municipal Code amended or recodified herein, that earlier amendment
11 should be effectuated with equal dignity to this ordinance if at all possible in the
12 codification of the Seattle Municipal Code and by the courts, notwithstanding the
13 use in this ordinance of an obsolete version of that part of the Seattle Municipal
14 Code on which to show intended amendments.

15 **Section 3.** It is the express intent of the City Council that, in the event a
16 subsequent ordinance refers to or amends a section of the Seattle Municipal Code
17 amended or recodified herein, but the later ordinance fails to account for the
18 change made by this ordinance, the two (2) sets of amendments should be given
19 equal effect together if at all possible.

20 **Section 4.** It is the express intent of the City Council that this ordinance makes
21 only those changes to the Seattle Municipal Code shown by striking out, inside
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1 double parentheses, text to be deleted, and underlining text to be added. To this
2 end, errors in showing the pre-existing Seattle Municipal Code are to be
3 disregarded, and no change in the Seattle Municipal Code is intended thereby.

4 **Section 5.** The several provisions of this ordinance are declared to be separate
5 and severable and the invalidity of any clause, sentence, paragraph, subdivision,
6 section, or portion of this ordinance, or the invalidity of the application thereof to any
7 person or circumstance, shall not affect the validity of the remainder of this
8 ordinance or the validity of its application to other persons or circumstances.

9 **Section 6.** Any acts made consistent with the authority and prior to the effective
10 date of this ordinance are hereby ratified and confirmed.

11 **Section 7.** This ordinance shall take effect and be in force thirty (30) days from
12 and after its passage and approval; but if not approved by the Mayor within ten (10)
13 days of its presentation, it shall take effect in accordance with Municipal Code
14 1.04.020.

15 PASSED by the City Council of the City of Seattle this 3rd day of
16 November, 1997, and signed by me in open session in
17 authentication of its passage this 3rd day of November, 1997

18 John Drago
19 President _____ of the City Council

20 Approved by me this 5th day of November, 1997.

21 Norman Price
22 Mayor

23 Filed by me this 5 day of November, 1997.

Julia E. Papp
City Clerk

(Seal)

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Why did we start these projects?

Background

The City of Seattle is committed to the design and delivery of high quality public services to its citizens. Achieving this objective depends upon the experience, knowledge, hard work, abilities, performance, and dedication of its employees. To that end, the City needs to recruit and retain individuals with the solid skills, technical expertise, creativity, positive work habits, and experience which continue to add value to its workforce.

The City needs to develop classification and compensation systems that provide the authority, responsibility and accountability for employees to successfully meet customer needs, as well as systems that encourage productive behaviors and adapt easily to changing technologies and other external forces.

It is the objective of the City's classification and compensation systems to provide leaders with the flexibility to design and assign work, and appropriately compensate employees for their efforts in helping achieve the City's business objectives. Through a competitive and comprehensive compensation program that includes wages, health care benefits, paid leave, career mobility, and performance incentives, the City can affirm the value of its employees and reward their contributions to the City's success.

Therefore, for executive and other non-represented management employees, it is the City's intent that, as the City's economic condition permits, the value of our total compensation package will be no less than the average value of the market, comprised of those public and private employers with whom we compete for qualified employees. We will continue to value internal equity but recognize that market-driven changes may alter the historical relationships between jobs. When appropriate we will implement reward programs that are independent of base pay, replacing the concept of pay progression as an automatic entitlement with the understanding that variable pay is an incentive and compensation for a job well done.

The City's current classification and compensation programs do not support these goals. The lack of a deliberate link between the external marketplace and the City's salary structure means that the City may pay one type of position too little to be truly competitive for fully qualified candidates, and may pay another type of position much more than is needed to recruit and retain qualified individuals. Our seniority-based wage progression plan doesn't communicate the value of superior performance. Our narrow salary bands limit the appointing authority's flexibility to recognize the qualifications of a "superstar" job candidate with a commensurate pay offer, and mean that most employees have topped out their earnings potential in about the same length of time that the average

employee has mastered the "learning curve"--just over three years. We measure the value of our high level management positions by the size of the budget managed and the size and compensation level of their subordinate structures--a practice that has resulted in the development of unnecessary management layers and an internal alignment of positions based on their hierarchical level, rather than by virtue of scope of impact and strategic significance. Although the City's current "civil service" -type classification and compensation systems negatively impact management flexibility and employee performance throughout all layers of the organization, it appears that two areas in particular are ripe for change: the process for compensating City executives, and the classification/compensation process for City managers.

How did we get here?

Steps Taken To Get To The Plan Designs

The executive and manager projects were begun simultaneously, employing a single steering committee, a project management team made up of three different employees (a team leader and two individual analysts, each assigned to a unique project but working cooperatively), and two different consulting organizations.

1. The very first task undertaken involved joint interviews, with a representative from each consultant organization and a project staff member meeting with every City department head individually. The purpose of these interviews was to gather information which would help us define our concepts of executive and manager, the market from which the City recruits and to which it loses employees at these levels, and performance linkage possibilities.
2. Revised executive job summary questionnaires (JSQs) and manager position description questionnaires (MPDQs) were distributed to potential participants in order to gather current relevant information about individual positions.
3. Focus groups consisting of projected executive and manager program participants were convened. The executive focus groups were intended to ascertain employees' opinions and perceptions about their current compensation program and identify potential performance measures for a proposed performance and reward program. The manager focus groups also sought to gather information clarifying distinct occupational groups represented in the City's management work force.
4. Market compensation data was gathered for both programs. The executive project's consultants initially drew their benchmark data from their large library of published survey information. These data were augmented with a customized survey that sought specific information regarding several key

positions from regional government agencies. The manager project's consultants gathered all of their survey results from a regional survey customized specifically for this project.

5. Design work was initiated. Draft proposals were critically considered and the pros and cons of each were vigorously discussed, clarified and addressed in subsequent drafts. Comments and direction were solicited from Councilmembers, the Mayor's Management Work Group, and the Mayor's cabinet. Proposed program details were published and distributed to participants.
6. In response to this feedback, adjustments were made to the proposed programs, including the evolution of a nonmanagerial "strategic advisor" concept.

The three proposed programs that resulted from this work are:

- **The Accountability Pay for Executives (APEX) Program,**
- **The Managers Program, and**
- **The Strategic Advisors Program.**

Which positions in the City fit these three programs?

CATEGORY DEFINITIONS

Executive

The executive level of City government (APEX) is comprised of the people who are responsible for managing the relationships between the City and its social, economic, and political environment, and for setting the tone and maintaining control of internal operations. A City executive must anticipate problems stemming from rapid change and take advantage of new opportunities, allocate resources, make strategic decisions, evaluate performance, and articulate plans and policies for the most significant activities of the City.

Positions in the City of Seattle designated within the APEX program clearly meet some or all of the following criteria: hierarchical orientation that carries broad corporate responsibilities and is oriented toward management of the 'whole'; strategic significance that imparts a definitive long term impact on the way the City conducts business; and scope and impacts that affect the delivery of critical services and quality of life for many people, entail the management of large sums of money, and or involve control of extensive non-financial resources.

While the description of APEX positions was general enough to cover a wide range of executive roles, we found that our initial description for manager seemed to exclude a number of valued positions that played clearly significant roles in the City. Thus, an alternate definition was developed to describe positions of a level similar to manager, but that did not directly manage significant human or other resources. This new category is called strategic advisor.

Manager

A manager for the City of Seattle is an employee who is identifiably accountable for translating City and departmental objectives into specific outcomes in the areas of policy, programs, and service delivery, through effective utilization of the City's human, financial, and other resources.

Strategic Advisor

A strategic advisor of the City of Seattle is an employee who serves as a key advisor to senior officials, or who makes recommendations which help shape significant City policies or programs, or who represents the City in strategic arenas, without having full accountability for managing resources to achieve specific outcomes.

Which positions will be allocated to the APEX Program?

Department heads and division directors will automatically become part of APEX and other positions will be evaluated for eligibility based on their hierarchical orientation, strategic significance, and scope and impact.

APEX PROGRAM CRITERIA

Hierarchical orientation--Position carries broad corporate responsibilities and is oriented toward management of the "whole." Accountability extends across the organization or beyond. This position typically reports to an elected official, department head, or the board or commission heading a principal office or department, and is responsible for translating their high level vision into broad organizational policy and direction.

Corporation = City-wide: The position's responsibility and opportunity to effect positive change extends to, impacts, and addresses most, if not all subsidiary organizations (other departments).

Corporation = Sub-Division of the City: This level is mid-way between City-wide and department-wide and should address positions with opportunity to effect positive change to specific aspects of organizations across the City, or to a defined sub-group of City departments.

Corporation = Department-wide: The position's responsibility and opportunity to effect positive change extends to, impacts, and addresses most, if not all subsidiary organizations (other divisions).

Strategic significance—Position is responsible for making significant policy recommendations to elected officials, and for formulating and implementing resulting long-range City goals and objectives. This position establishes program and policy direction that has considerable long-term impact on resource allocation and the City's provision of services. Such positions define the organization's objectives, determine appropriate resource allocations, and direct the efforts of organizational components to accomplish the City's mission. Position is responsible for all program outcomes.

Strategic significance is likely to change over the years in response to changing political agendas, economic, environmental and social conditions.

For example,

1. health care reform was of great importance to the City to address in 1992;
2. the welfare to work initiative has a new level of urgency in response to reduced federal support for welfare programs; and,
3. if juvenile crime is ever diminished to an acceptable level (somewhere near 0), addressing the problem will correspondingly diminish in mayor and council priorities.

Strategic significance is a factor appropriate to be decided at the highest levels of the executive management team. Thus, an Executive Compensation Review Committee, designated by the Mayor, will have direct involvement in the APEX allocation process.

Strategic Significance—High: The incumbent is in the position of effecting significant positive results in the areas defined by the Mayor and the Council as City priorities such as enhancing community, social equity, environmental stewardship, economic opportunity, and security.

Strategic Significance—Moderate: There is the opportunity, albeit a more limited opportunity, to effect positive results in these same areas. The significance may be diminished simply because the position's responsibility has changed to entail the maintenance of successful innovations that were begun earlier, or because the City is not in any position of affecting change in this arena. For example, the position of Director of the Office for Education is limited in strategic effectiveness, because although it has some influence with control of certain funds distribution, it has no direct authority over Seattle School District policy or programmatic activities.

Strategic Significance—Low: The position is in a supporting role in effecting positive results in the strategic areas listed above. For example, The Finance and Administration Director for a department assists in achieving the wider strategic goals of the organization by ensuring the financial health of the organization and continued, reliable service delivery. The Human Resources Director for a very large department would provide similar strategic support for an organization on an executive level.

Scope and impact—Position's discretionary authority has significant impact over a large arena. The range of authority may be Citywide, regional, or larger, and includes programs that affect the delivery of critical services, quality of life for citizens, management and effective allocation of large sums of money, and/or control of extensive non-financial resources.

Scope and Impact –Large: The incumbent is directly responsible for the dispersal or control of at least 10 million dollars, a customer base of 500,000 or more, workforce of 1,000 or more, or regional services covering, at minimum, the entire City.

Scope and Impact –Medium: The incumbent is directly responsible for the dispersal or control of at least 5 million dollars, a customer base of 250,000 or more, workforce of 500 or more, or regional services covering, at minimum, half the City.

Scope and Impact –Small: The incumbent is directly responsible for the dispersal or control of at least 2.5 million dollars, a customer base of 100,000 or more, workforce of 250 or more, or regional services covering, at minimum, a quarter of the City.

How will the City decide who is in APEX?

Initial allocations to APEX will be recommended by the Personnel Director based on input from department heads and evaluation of employee-completed job summary questionnaires. Since the APEX program covers positions for whom the personal qualities of the incumbent will affect the nature of the work performed, allocation to and within the APEX program is made on a generalized whole job evaluation and ranking approach.

The Personnel Director will evaluate Job Summary Questionnaires (JSQs) utilizing these criteria and determine whether a new position should be allocated to APEX. At the request of a department head, the Personnel Director will evaluate non-APEX positions to determine whether they have undergone sufficient change to meet the necessary criteria for inclusion, or will evaluate

APEX positions to determine whether they should be excluded because of duties changes. Otherwise, the appointing authority will have significant discretion to determine, by work allocation, who is included and who is not.

Upon implementation, appointing authorities will be provided the opportunity to have APEX placement of specific positions independently reviewed by a committee designated by the Mayor as the Executive Compensation Review Committee (ECRC). However, we anticipate limited need for review, given the appointing authority's broad discretion for position allocation and placement.

As a final step, the allocation of all APEX positions will be confirmed by the City Council through legislation.

Methodology and use of the APEX Criteria

The essential base pay structure of APEX will consist of a broad pay band (137% wide) anchored by four market group sub-bands. (See the APEX Base Pay Structure section of this proposal for more detail.) Applying market data and the three criteria, the Personnel Director will recommend which of four established market groups best fits each position.

Internal benchmark positions will provide easily recognizable and identifiable standards for market group comparisons for all other positions allocated to the APEX program. These comparative analyses will be supplemented with an application of the three APEX criteria, hierarchical orientation, strategic significance and scope and impact.

Examples of Market Group Four Executives

City Light Superintendent, Seattle Center Director, Police Chief, and Deputy Mayor.

All of these positions easily manifest all of the executive criteria. Hierarchical orientation is always "corporate" (City-wide) in nature. Decisions involve the development of broad organizational policy or direction, and positions are accountable for major program outcomes. Direction is given across functions or organizations, with responsibility for overall objectives, staffing, and resource allocation. Unique market issues also contribute to placement at this market group level, which was specifically created to address exceptional market conditions.

Examples of Market Group Three Executives

Parks and Recreation Superintendent, Housing and Human Services Director, Deputy City Light Superintendents, and Intergovernmental Relations Director.

All of these positions also manifest all of the executive criteria. Hierarchical orientation is always "corporate" in nature. Decisions involve the development of broad organizational policy or direction, and positions are accountable for program outcomes. Direction is given across functions or organizations, with responsibility for overall objectives, staffing, and resource allocation. These positions, while closely related to Market Group Four executives, do not require the same level of compensation to address compelling market demands.

Examples of Market Group Two Executives

Electric Services Directors, Municipal Court Administrator, Land Use Director, and Energy Planning and Forecasting Director.

At this level, at least two of the executive criteria would be met. Some decisions might involve broad organizational policies or direction, but most decisions are likely to concern the development of long range plans, goals and objectives for specific elemental functions of the City, such as court functions, regional electrical services, or land use issues. These positions are likely to evince a diminished City-wide corporate hierarchical orientation.

Examples of Market Group One Executives

Civil Rights Director, City Light's Civil Engineering Director, and the (City-wide) Building Operations Director.

Positions at this level might have notable (City-wide) hierarchical orientation, strategic significance, or scope and impact; but usually meet only one such criterion. They tend to have greater responsibility for program outcomes than for policy design and direction. Positions at these levels are closely related to the highest level positions in the manager or strategic advisor group and may be evaluated utilizing the manager or strategic advisor group criteria for confirmation and reliability.

The APEX Allocation Process Differs from the Manager and Strategic Advisor Process. Why?

Whole job ranking is the most common method used in measuring executive level jobs because it is relatively simple, flexible and responsive to changing management needs. The whole job ranking method works well for positions where incumbents have great latitude to define their jobs, and is particularly suitable for compensation system designs which are intended to provide maximum flexibility for recruiting and work load management. Because it doesn't provide "hard" criteria for justification of results, it is less effective as a job measurement tool for classified service positions. We find that the Manager and Strategic Advisor programs are better served with more detailed and quantifiable point factor job measurement systems.

How Are Manager And Strategic Advisor Program Allocations Determined?

The Personnel Director will evaluate Manager Position Description Questionnaires (MPDQs) utilizing the Manager and Strategic Advisor Program point factors criteria and determine whether a new position should be allocated to these programs. At the request of a department head, the Personnel Director will evaluate other positions to determine whether they have undergone sufficient change to meet the necessary criteria for inclusion, or will evaluate Manager and Strategic Advisor positions to determine whether they should be excluded because of duties changes.

Upon implementation, affected employees and department heads will be provided the opportunity to have Manager and/or Strategic Advisor placement of specific positions independently reviewed by the Reconsideration Committee made up of ESD Classification staff, departmental human resources staff, and program Consultants. In addition, all classified service employees can appeal the application of the classification process for their position.

Finally, the allocation of all Manager and Strategic Advisor positions will be confirmed by the City Council through legislation.

Manager and Strategic Advisor Point Factor Methodology

Addressing positions largely represented by the classified service, the Manager and Strategic Advisor Programs benefit from the kind of quantifiable job measurement approach represented by a point factor system. In a point factor system, relevant factors are defined and weighted. Each job is compared to descriptions of the various levels within each factor. When the appropriate degree is selected for each factor, the assigned points are combined to produce a total score for each job. The clarity of this system and the relative ease in justifying results is offset by its inflexible nature. Therefore, rather than allowing the point factor system to force undue limitations on appointing authorities, the point factor scoring system is limited to simply placing positions within pay zones (35% wide) within which department heads have discretion for exact placement. Salary Placement Guidelines (described later) will assist department heads in making individual salary placement within pay zones.

Manager and Strategic Advisor base pay structures consist of single broad pay bands (84% wide) with three sub-bands, or pay zones (35% wide). Department head discretion for managers and strategic advisors is limited to placement within the three sub-bands, or pay zones. (See the Manager and Strategic Advisor Base Pay Structure section of this proposal for greater detail.)

One set of point factors was identified and defined for the Manager Program and another for the Strategic Advisor Program. (Specific Manager and Strategic Advisor point factor matrix data is attached.)

MANAGER PROGRAM POINT FACTORS:

• Human Resources Management	13%
• Budget / Fiscal Management	14%
• Program Management	18%
• Communications Management	13%
• Matrix Management	12%
• Policy Management	16%
• Technical Management	14%

STRATEGIC ADVISOR PROGRAM FACTORS:

• Policy Contribution And Impact	35%
• Program Contribution And Impact	15%
• Budget Contribution And Impact	15%
• Communications Contribution And Impact	10%
• Matrix Contribution And Impact	10%
• Technical Expertise Contribution and Impact	10%
• Human Resources Contribution and Impact	5%

What Are The Job Classification Issues Involved?

Positions in the APEX study are exempt from the classified service and therefore, not classified. However, most manager and strategic advisor positions are part of the City's Classified Service system and therefore require classification. Orders of lay-off and other classified service rights need criteria for definition. Therefore, as a means of classifying these positions, managers and strategic advisors are assigned to one of eleven broad occupational groups, that serve as manager and strategic advisor program class series. The positions are then allocated to one of three pay zones that serve as indicators for the three levels of broad classes allocated to the established pay zones attending each of these series.

When considering orders of lay-off, the committee charged with this responsibility, will consider service credit connected to the title in use at program implementation, to be accrued to the new programs' allocations.

MANAGER AND STRATEGIC ADVISOR

OCCUPATIONAL GROUPS (Class Series)

(More detailed definitions are attached.)

1. Customer Service, Public Information and Promotion

- 2. Human Services
- 3. General Government
- 4. Courts, Legal and Public Safety
- 5. Finance, Budget, and Accounting
- 6. Engineering and Plans Review
- 7. Utilities
- 8. Purchasing, Contracting, and Risk Management
- 9. Property and Facility Management
- 10. Parks and Recreation
- 11. Information Technology

What Will Be The BASE PAY Structure?

The base pay structure for all three programs consist of single broad pay bands divided by sub bands.

APEX Base Pay Structure

The base pay structure for APEX consists of one "Executive Pay Band", which is anchored by four market groupings. The same decision process for inclusion in APEX will determine, to which market grouping each executive position belongs.

1998 APEX Pay Band Proposal¹

<i>Market Group</i>	<i>Bottom</i>	<i>Middle</i>	<i>Top</i>
1	\$56,872	\$66,872	\$76,778
2	\$64,646	\$75,960	\$87,273
3	\$79,451	\$93,354	\$107,267
4	\$99,974	\$117,472	\$134,970

APEX Salary Setting Discretionary Range

The APEX program allows the appointing authority broad discretion to increase and/or decrease executive base salaries at any time within the recommended market group in response to business needs, reorganization, job content changes, strategic priority shifts, and unique market indications. Changes in compensation outside the recommended market group will require the approval of the Mayor, or the compensation review committee designated by the Mayor.

Manager and Strategic Advisor Pay Structures

The Manager and Strategic Advisor class series are served by a single broadband with three Pay Zones. The appointing authority's discretion for setting and changing base pay for subordinate managers and strategic advisors is

¹ Please note that Market Group One was adjusted in response to the transfer of specific benchmark positions from APEX to Manager and/or Strategic Advisor Programs. Transfer of these positions out of the APEX Program altered (increased) the resulting market average of the benchmarks defining this Market Group.

confined to the allocated Pay Zone. Should there be disagreement with the Personnel Director's initial allocation, appointing authorities and incumbents are provided with the opportunity to request an administrative review or reconsideration of the allocation. In addition, classified service employees may appeal the process utilized to allocate their position to the Civil Service Commission.

1998 Manager and Strategic Advisor Pay Band

	Minimum	Mid-point	Maximum
Zone 1	\$44,531	\$52,324	\$60,117
Zone 2	\$52,624	\$61,833	\$71,043
Zone 3	\$60,717	\$71,342	\$81,967

The overlap between the APEX pay band and the Manager and Strategic Advisor pay band can be attributed to the fact that a Manager may have responsibility for a function or program that is far broader, more complex, or more strategically significant than an Executive who is automatically allocated to APEX because of his or her hierarchical placement.

How will individual pay rates be set?

APEX Salary Setting Process

The APEX program allows the appointing authority broad discretion to increase and/or decrease executive base salaries at any time, within the recommended market group in response to business needs, reorganization, job content changes, strategic priority shifts, and unique market indications. Given this far reaching discretion, the appointing authority can be held fully accountable for his/her staffing decisions. Setting compensation outside the recommended market group will require the approval of the Mayor or the compensation review committee designated by the Mayor.

When making his/her APEX salary placement decisions, the appointing authority would be asked to address and personally certify that he/she took into account the following:

- Relative size of job,
- Financial impact of position,
- Market difficulties,
- Sensitivity of position,
- Scope and range of subordinate operations, and
- Technical complexity.

MANAGER AND STRATEGIC ADVISOR SALARY PLACEMENT GUIDELINES

Department Heads have the discretion to set manager and strategic advisor salaries anywhere within allocated pay zones. Manager and strategic advisor salary adjustments within the pay zones can be made at any time that the department head can support that a change is warranted. Department heads must use consistent criteria for placement of managers and strategic advisors within the allocated pay zones. The Personnel Director will provide appointing authorities with a salary placement workbook that, in addition to describing a simplified transitional approach, recommends a detailed process addressing the following sets of considerations:

- Job Size (two recommended methods)
 1. Job Ranking
 2. Point Factor Score Modified by Market
- Recruiting and Retention
- Market Equity
- Internal Alignment

Does subordinate salary dictate a manager's base pay?

Breaking from long held tradition, it should be noted, that the number or compensation level of subordinate employees is not a relevant consideration for salary placement. In fact, there is no rule, guideline or policy for any of the three programs that is intended to suggest that supervisors must make more than their subordinates.

What Is The Market From Which We Compete For Employees To Fill Our Executive, Manager, And Strategic Advisor Positions?

The market for the majority of the City's executive, manager and strategic advisor positions is defined as regional public sector employers with similar scope and diversity of functions and services. The market for department heads has been expanded to include national public or private sector employers of similar size and scope, and the market for certain utility-specific executive positions may also include nongovernment utilities.

How will the program keep current with market changes?

The initial data collected for all three programs, APEX, Managers, and Strategic Advisors, was current as of January 1, 1997. The delay in implementation has been accommodated by "aging" the market data by one year at 3.6%, a rate consistent with changes to government sector salaries nationwide.

To maintain the current market connection of these compensation programs, the City will survey the market at least once every two years, and adjust the market groupings and/or pay zones accordingly. These biennial adjustments will replace the cost of living adjustment (COLA), which had become the predictable annual salary increase expectation for most City employees. This biennial data will be used to adjust budgets and the parameters of APEX Market Groupings and Manager and Strategic Advisor Pay Zones. However, while the appointing authority will continue with the discretionary authority granted by these programs, it should be understood that no automatic changes to incumbent salaries will be implemented in response to this data.

There is no intention of permanently using the same market data sources listed in Attachment 1. Market data collection will be regularly modified and improved. The impact, if any, of variance in results should only help to better situate the City in terms of its market relationship.

What Does Variable Performance Pay Mean?

All three programs, APEX, Managers, and Strategic Advisors, contain a variable compensation component, where a portion of the employees' potential gross pay is dependent upon the achievement of targeted and assessable operational results with respect to specific City values, described by 7 competencies.

Given the "at risk" nature of the variable pay component of these programs, it should be clearly understood that while high performers will now have the opportunity to increase their wages, executives, managers, and strategic advisors who fail to achieve their objectives are quite likely to earn less than they could expect under the current compensation program.

APEX Variable Performance Pay

Due to their exempt employment status and a projected potential for greater risk taking and reward possibilities, each executive is given the opportunity to earn an additional 10% of base pay.

Manager and Strategic Advisor Variable Performance Pay

Each manager and strategic advisor has the opportunity to earn an additional 8% of base pay.

For all three programs, the incentive would be assessed and paid upon completion of a review period, as a lump sum retroactive pay adjustment. This

assessment (evaluation) will be performed late in the calendar year in order to allow payment within the current (relevant) tax year.

Performance measures-Two Parts

All three programs feature a combination of assessable operational results and performance measures for behavioral competencies, in order to ensure that both receive due attention.

Performance Measures, Part One: Goals & Outcomes

The appointing authority is charged with naming up to 5 clearly defined strategic objectives (assessable operational results), identifying the relative weight (importance) of each. Most often, department goals will be reiterated in the strategic objectives set for a department's chief executive, and reflected in objectives set for lower level executives, managers and strategic advisors.

Performance Measures, Part Two: Competencies

At the same time as objectives are set, the appointing authority is asked to identify competency standards with which to measure the behavior of the subject employee. As guidelines, the program defines seven areas of targeted competencies: customer service; diversity; achievement/performance orientation; organizational orientation and impact; judgment, analysis, and directives; leadership and teamwork; and technical expertise. Not every defined competency need be applied to every position or objective. Rating sources, with a potential for a 360° review process, will also be identified at this time.

Team Versus Individual Performance Measures

Recognizing that many executives, managers and strategic advisors may achieve their greatest accomplishments as part of a team while others work effectively with more independence, the identification of team oriented strategic objectives (assessable operational results) will be recommended but not required. In addition, successful team orientation will be reinforced with use of the proposed 360° review process for competencies.

Variable Performance Pay Communication Responsibilities

Although the appointing authority may change selected objectives or their relative weighting, if priorities, organizational structure, or other variables change significantly during the review period, strategic objectives and expected competencies should be fully discussed/negotiated with the subject employee at the onset of the performance review period. Any subsequent changes should be immediately communicated to the subject employee.

Calculating Variable Performance Pay Results

Following the end of the evaluation period, the appointing authority (or designee) assesses the subject executive's strategic objective achievement and collects evaluative data from peers, subordinates, or customers regarding competencies.

Should the employee's performance meet or exceed targeted expectations, he or she could be awarded up to the maximum available (0% to 10% of base pay for APEX executives, or 0% to 8% for managers and strategic advisors) as a lump sum performance award. The actual award amount, up to the maximum, will be determined by the appointing authority.

Effect of Variable Performance Pay on Retirement Program Participants

Retirement contributions will be assessed against the lump sum retroactive pay adjustments. These variable pay adjustments will be included as part of the participating employee's base pay for retirement calculation purposes.

What will be the Process for Implementing These Programs?

Implementing Base Pay for APEX

Upon implementation of the three programs, the employee's compensation level may be brought up or down to within the appropriate level of the pay band. If the recommended level is lower than the employee's salary rate at the time of transition, the appointing authority has the discretion to "freeze" the employee's salary at its current rate until the band level catches up, or to set it at a lower level. If the bottom of the recommended range of discretion² is higher than the employee's salary rate at the time of transition, the appointing authority will be expected to bring the employee's salary up at least to the minimum of their discretionary range.

Implementing Base Pay for Managers and Strategic Advisors

If the recommended level is lower than the employee's salary rate at the time of transition, the department head will "freeze" the employee's salary at its current rate until the band level catches up. If the bottom of the recommended range of discretion³ is higher than the employee's salary rate at the time of transition, the

² The range of discretion available to the appointing authority will differ based on the program in question. See section "How Will Individual Pay Rates Be Set?"

³ The range of discretion available to the appointing authority will differ based on the program in question. See section "How Will Individual Pay Rates Be Set?"

effect of allocation will be to bring the employee's salary up at least to the minimum of the range.

Changing Base Pay

In response to changing business needs, appointing authorities may change the compensation of subordinate executives at any time for any amount within their range of discretion. Department heads may change the compensation of managers and strategic advisors based on the salary placement guidelines listed above, at any time following program implementation. As civil service employees, most managers and strategic advisors have "incumbency rating" rights per SMC 4.20.080. Therefore, department heads may only increase or "freeze" a manager's or strategic advisor's at any time following program implementation.

How will the Programs be Monitored?

The Executive Services Department, Personnel Division's Classification and Compensation Unit will run payroll utilization reports at least twice a year to ensure that the programs continue to serve the City as originally intended.

Base pay for each program position will be published in the City's Budget Book annually and reports will be generated annually regarding the disbursement of performance funds.

PROGRAM ACCOUNTABILITY

All three of these new programs will require a significant amount of ongoing communication on the part of all affected parties to be successful. The following accountability statements are not necessarily all-inclusive, and are only intended to provide clear direction about the minimum responsibility required of each participant if the programs are to be effective.

Mayor's Accountability

The Mayor is accountable for establishing clear and meaningful objectives for each department and department head under his or her authority, and for communicating those objectives, and any subsequent changes thereto, early and frequently.

The Mayor shall establish accountability contracts with all of the department heads under his or her authority, outlining his or her expectations for achievement of the objectives he or she has set. On no less than an annual basis, the Mayor shall evaluate each department head's progress toward achievement of those objectives, and may or may not award a lump sum performance recognition payment based thereon.

The Mayor is responsible for reviewing any and all data related to the implementation and administration of these programs as it is provided to him or her by the Personnel Director, and for taking action when such data indicates that a department head has failed to properly exercise his or her discretionary responsibilities under the Accountability Pay for Executives Program (APEX), or the Manager and Strategic Advisor Classification and Compensation Programs, imposing restrictions as appropriate.

City Council's Accountability

The City Council will review, modify as desired, and adopt the City's compensation policies and programs by legislative action, evaluate all funding requests made by department heads in their budgets for compensation, and take action as required to modify the budgeting strategy or strategies approved for the program.

Personnel Director's Accountability

The Personnel Director will train, advise, and consult with appointing authorities to ensure that they have the information and direction they require to implement and administer the APEX, Manager, and Strategic Advisor programs in a manner consistent with the programs' goals and principles.

At least once every two years, the Personnel Director will conduct an analysis of the appropriate labor markets in order to adjust the salary bands established for these programs.

The Personnel Director will provide reports to the Mayor and the City Council on a quarterly basis, for the first year of program implementation, to monitor the establishment of base salaries and the distribution of performance pay in each department.

Department Head Accountability

The department head will set base salaries for program participants under his or her supervision in accordance with the program design and guidelines issued by the Personnel Director. The department head will use fair and consistent criteria for the establishment of base salaries, will document his or her salary decisions, and will be prepared to explain the rationale behind their decisions when necessary.

The department head will set performance objectives for all program participants who report directly to him or her, and will oversee and approve the establishment of performance objectives for all program participants who report to his or her direct subordinates. The department head will ensure that performance objectives are communicated to and discussed with the individual who will be

evaluated based on his or her achievement of same, and that the individual is kept apprised throughout the course of the evaluation period on his or her progress toward accomplishment of designated performance objectives. The department head will mandate the formal evaluation and award of performance pay for all program participants in his or her department, and shall withhold performance pay from his or her direct reports until they have completed evaluations and awarded performance recognition incentives to their subordinates as appropriate.

Employee Accountability

Those employees who are assigned to APEX, or to the Manager or Strategic Advisor compensation program, shall be accountable for understanding the performance objectives and competencies that have been established for them, and for immediately communicating to their supervisors any obstacles to their accomplishment.

How Will Participants Know What Is Expected and How to Do It?

One on one support will be provided for appointing authorities, management, affected employees, and department human services staff as requested. This will include, but not be limited to:

1. Distribution of sample performance programs and guidelines;
2. Informal in-house training, as well as referrals to specialized management training consultants;
3. Customized market data research;
4. Analysis and recommendations regarding individual salary placement effects; and,
5. Program management guidance.

Questions That Might Be Asked By Program Participants

Could I lose potential income under this program?

Yes, you could. As stated earlier "Given the "at risk" nature of the variable pay component of these programs, it should be clearly understood that while high performers will now have the opportunity to increase their wages, executives, managers, and strategic advisors who fail to achieve their objectives are quite likely to earn less than they could expect under the current compensation program."

For example, we've described the earnings of four fictional City executives for 6 years in the recent past (1/1/91 through 12/31/96). All four begin with the base compensation of top step for Director III. There have been no changes to

anyone's responsibilities during this time. (See attached spreadsheet showing relevant calculations.)

The first executive lived under the current program and received same colas enjoyed by the bulk of City employees. Her gross earnings were \$356,982.

The other executives lived in an parallel world where the new program had been implemented January 1, 1991 and the cost of living adjustments had been diverted into the variable performance pay program. The pay of these executives was adjusted every other year to account for market changes.

One of these "other executives" has only able to meet normal expectations for the entire decade. His gross earnings were \$354,918. His earnings were less than the cola'd executive's by .578% .

The second of the "other executives" did a good job consistently exceeding expectations without variation. His gross earnings were \$372,663. His earnings exceeded the cola'd executive's by 4.393%.

The last of the "other executives" was an extraordinary superstar employee, who always greatly exceeded expectations and was very nice doing it. Her gross earnings were \$390,409. Her earnings exceeded the cola'd executives by 9.364%.

With so much independent discretion being proposed, how will the City ensure fairness and equity?

Although plans are underway to officially monitor these programs, to reveal trends and subtle adverse impacts, these programs will not be implemented in secret. This is "up-front government" in a way unknown until now. The person given the responsibility for making hiring and compensation decisions will be held accountable for decisions made. Many people, including employees, customers, unions, and peers, will be watching how individual appointing authorities use the discretion they are being granted. Behavior will be noted and abuses/successes can be addressed by the Mayor as needed.

How do you address concerns about our current system that is "mysterious and perceived to be subjective and inconsistent," with APEX, a system that applies to the highest level, nonclassified personnel?

Whole job ranking is recognized as the most common method in use for measuring executive level jobs in both the private and public sectors. This is because, unlike lower level positions, executive positions are viewed as those

most likely to be significantly altered by the style, skills and abilities of their incumbents. The flexibility of APEX capitalizes on this fact.

Other than recommending placement of positions into broad bands, compensation decisions will no longer involve Personnel Analysts, making narrowly calibrated recommendations based on such abstractions as organizational charts and span of control theories. Individual salary placement decisions will be the responsibility of the appointing authority.

Two essential hallmarks of the APEX Program are accountability and management flexibility, each balancing the other. Decentralizing compensation decisions supports the point-of-management accountability required for greater workload management flexibility, the development of innovative ways of doing business and accomplishing objectives, and the effective communication of the City's values and goals.

Will performance awards be granted to employees who merely meet expectations?

There is no intention of suggesting that performance awards should be given to employees who merely meet expectations. These are "incentive" programs. Performance targets are intended to be set over and above ordinary job expectations.

How will these programs reduce management layering?

We have found that our current systems have inadvertently encouraged management layering in the City. Thus, both APEX and the Manager/Strategic Advisor Plans were developed with an intent of recognizing high levels of contribution outside the articulation of subordinate organizations.

We found that application of the Strategic Advisor matrix more appropriately addresses approximately forty positions uncomfortably holding manager titles. Although we cannot precisely forecast cultural change, we believe that by not encouraging layering, that the long term effects of these plans may be quite significant.

Attachment #1- APEX, Managers and Strategic Advisors Market Study

APEX Market Study

A combination of published market data and regional custom survey data was utilized to create the market groupings for the APEX Program. The following is a list of the source data employed for this purpose:

- APPA Survey of Management for organizations with revenues of at least \$100 million.
- APPA Survey on Management for organizations with a customer base of at least 100,000.
- Charlotte NC Survey of cities with populations greater than 175,000 or less than a million.
- City of Bellevue's national survey.
- City of Phoenix's national survey.
- Colorado Muni League's survey of positions in cities with populations greater than 15,000.
- Cook County Salary & Fringe Benefit market survey of municipalities within the Chicago metropolitan area.
- Dietrich Executive Engineering Occupation Market Survey for private and public sector employers with over 1,000 employees.
- ECS Middle Management Survey for All Industries
- ECS Top Management Survey for Government Jobs
- ECS Top Management Survey for Gas/Electric/Water Organizations
- ECS Top Management for Non Profit Organizations
- EEI Management and Administration Compensation Survey for Organizations with revenues from \$600 million to one billion.
- EEI Management and Administration Compensation Survey for Organizations with revenues from \$300 million to \$600 million
- Custom Survey-Tacoma
- Custom Survey-State of Washington
- Custom Survey-Snohomish County
- Custom Survey-Portland, OR
- Custom Survey-Port of Tacoma
- Custom Survey-Port of Seattle
- Custom Survey-Pierce County
- Custom Survey-Kitsap County
- Custom Survey-King County
- Custom Survey-City of Everett
- Custom Survey-City of Bellevue
- ICMA Compensation Survey for cities with populations of 500,000 to 1 million
- ICMA Compensation Survey for cities with populations of 250,000 to

499,999

- ICMA Compensation Survey for cities with populations over one million
- M&R Northwest Management & Professional Compensation Survey
- Mercer Finance and Accounting Occupations National Survey
- Mercer Finance and Accounting-National Survey limited to government organizations.
- Metro/King County National Compensation Survey
- Metro/King County National Compensation Survey, Pacific Northwest Sort
- Municipal Yearbook data for cities with populations of 500,000 to one million
- TPF&C Survey of Not for Profit Organizations
- Washington City & County Database Information for Bellevue, King County, Pierce County, Tacoma and Spokane

Manager and Strategic Advisor Market Study

A custom survey was prepared and conducted seeking comparable salary information for 38 benchmark positions from the following sources:

- City of Bellevue
- City of Bellingham
- City of Everett
- City of Federal Way
- City of Portland (OR)
- City of Renton
- City of Tacoma
- City of Yakima
- King County
- Kitsap County
- City and County of Denver (CO)
- Pierce County
- Snohomish County
- Puget Sound Regional Council
- Seattle School District
- State of Washington
- Port of Tacoma
- East Bay Municipal Utility District (CA)
- Washington Natural Gas
- Bonneville Power (OR)
- Snohomish County P.U.D.
- Dallas Zoo (TX)
- Phoenix Zoo (AZ)
- Portland Metropolitan Zoo (OR)

Attachment #2- Manager and Strategic Advisor Program Occupational Group Definitions

1. Customer Service, Public Information and Promotion

Positions in this occupational group manage customer service, public information and promotional programs. The range of major functions includes management of customer complaint resolution, events booking at major facilities, contract negotiation and administration, customer relations and education program development and implementation, media relations and advertising campaigns, development and production of special programs and events, and community and governmental relations.

2. Human Services

Positions in this occupational group manage the provision of direct and contracted human services. The range of major functions includes management of programs dealing with aging, children, youth, families, diversity, prohibited discrimination, low-income assistance, domestic violence, housing, nutritional assistance, persons with disabilities, the homeless, and other areas of human service needs. Functions also include policy and program development, and the monitoring of performance and compliance by grantee community agencies.

3. General Government

Positions in this occupational group manage diverse functions of an administrative nature that broadly facilitate and support general governmental services and operations. The range of major functions includes administration, human resources, records, field operations, fleets, warehousing, strategic planning, policy, printing, and animal control.

4. Courts, Legal and Public Safety

Positions in this occupational group manage court services, legal services, or public safety services. The range of major functions includes management of court services, such as case preparation and juror control, courtroom operations, courtroom security and inmate transportation, crime prevention programs, community policing, police identification and photo laboratory, emergency preparedness program, hazardous material code compliance, and security and public safety for a City department.

5. Finance, Budget, and Accounting

Positions in this occupational group manage finance, budget and/or accounting functions. The range of major functions includes managing credit, collection and customer account billing, managing and performing expenditure tracking, accounting, cash and investment management, developing

expenditure policies, managing and performing policy analysis, cost/benefit analysis and financial forecasting, evaluating programs, serving as legislative liaison, coordinating and reviewing utility rate design, cost allocation, fees and changes, negotiating provisions of special contracts, managing capital finance and consultant contracting.

6. Engineering and Plans Review

Positions in this occupational group manage professional engineering and/or functions related to inspection and plan review for a department. The range of major functions includes management of civil, electrical, or mechanical engineering, transportation engineering, street rights of way services traffic operations, capital improvement construction projects, and a specialized area of construction and land use such as permitting, plans review or land use review.

7. Utilities

Positions in this occupational group manage utility-specific fields. The range of major functions includes management of utility operations, utility resources, utility contracts, and utility metering services.

8. Purchasing, Contracting, and Risk Management

Positions in this occupational group manage processes designed to safeguard the City and maximize the value of its financial resources. The range of major functions includes purchasing/procurement, contract administration, risk management and claims management.

9. Property and Facility Management

Positions in this occupational group manage facilities and property. The range of major functions includes facilities and property management, maintenance, property inventories and transfers, development and rehabilitation, and energy conservation.

10. Parks and Recreation

Positions in this occupational group manage parks, recreation programs, and zoo operations. The range of major functions includes managing recreation programs, golf courses, zoo exhibits, zoo operations and visitor services, zoo animal management, and veterinarian services for zoo and aquarium animals.

11. Information Technology

Positions in this occupational group manage information technology, including systems, computer operations, and data communications. The range of major functions includes technology planning and implementation, evaluation of technology and user needs, hardware and software acquisition, and management of related staff and functions.

**Attachment #3 Executive Earnings with Cola Compared to APEX
Executives With No COLA but Market Adjustments & Incentive Pay
Opportunity**

COLA Compared to No COLA With Market Adjustments And Incentive Pay Opportunity

Director III		91		92		Biennial Market		93		94	
		Gross Earnings		Gross Earnings		Adjust		Gross Earnings		Gross Earnings	
		1991	Incentive	1992	Incentive	1993	Incentive	1994	Incentive	1994	Incentive
COLA'd Exec	\$54,308	\$ -	\$54,308	\$57,023	\$ -	\$57,023	\$ -	\$58,839	\$ -	\$58,839	\$60,259
No Cola, Meets Expectations (0%)	\$54,308	\$ -	\$54,308	\$54,308	\$ -	\$54,308	\$ 5,214	\$59,522	\$ -	\$59,522	\$59,522
No Cola, Exceeds Expectations (5%)	\$54,308	\$ 2,715	\$57,023	\$54,308	\$ 2,715	\$57,023	\$ 5,214	\$59,522	\$ 2,976	\$62,498	\$59,522
No Cola, Stellar Performer (10%)	\$54,308	\$ 5,431	\$59,739	\$54,308	\$ 5,431	\$59,739	\$ 5,214	\$59,522	\$ 5,952	\$65,474	\$59,522

- 1) This "what-if" scenario was arbitrarily placed effective as of January 1, 1991 because of the difficulty faced projecting future COLAs.
- 2) Since the APEX, Manager and Strategic Advisor Programs are slated to actually begin January of 1998, the second year of a biennial budget, market adjustments will be introduced for 1999.
- 3) It is unlikely that any program participant will stay at exactly the same level of achievement for 6 years in a row. This just simplified the picture.
- 4) (*) This is not to imply that market adjustments will be automatic.

COLA Compared to No COLA With Market Adjustments And Incentive Pay Opportunity

Director III		1995		1996		1997		1998		1999		2000	
	Market	COLA	Market	COLA	Market	COLA	Market	COLA	Market	COLA	Market	COLA	Market
COLA/Exec	\$ -	\$62,368	\$ -	\$62,368	\$64,185	\$ -	\$64,185	\$356,982	\$ -	\$ -	\$ -	\$ -	0%
No COLA, Meets Expectations (0%)	\$ 4,107	\$63,629	\$ -	\$63,629	\$63,629	\$ -	\$63,629	\$354,918	\$ (2,064)	\$ -	\$ -	\$ -	-0.578%
No COLA, Exceeds Expectations (5%)	\$ 4,107	\$63,629	\$ 3,181	\$66,810	\$63,629	\$ 3,181	\$66,810	\$372,663	\$ 15,681	\$ -	\$ -	\$ -	4.393%
No COLA, Stellar Performer (10%)	\$ 4,107	\$63,629	\$ 6,363	\$69,992	\$63,629	\$ 6,363	\$69,992	\$390,409	\$ 33,427	\$ -	\$ -	\$ -	9.364%

This is simply a speculative, fictional scenario.
 Laurie Depew, 684-7911

Attachment #4 Manager and Strategic Advisor Point Factor Matrices

Manager Matrix

1. **Human Resources Management** - Refers to managing, monitoring and administering human resources, including direct and indirect supervision.

Not applicable	Is not a full supervisor of City employees; may manage the work product of consultants or contractors.	0
Low	Has first-line supervisory responsibility for a small staff (6 or fewer FTE).	43
Medium	Manages and supervises subordinate supervisors, or supervises a large staff (at least 7 FTE).	87
High	Manages and supervises subordinate supervisors, with total direct and indirect supervision of 20 or more FTE.	130

2. **Budget / Fiscal Management** - Refers to managing, monitoring and administering financial resources.

Not applicable	Provides input to budget development; may administer or monitor budget(s).	0
Low	Manages budget(s) with relatively limited impact to City, typically up to several million dollars; has limited Managerial discretion in allocating financial resources; deals with a limited number of funding sources and has minimal specialized funding source requirements.	47
Medium	Manages budget(s) of some consequence to the City, typically as high as twenty million dollars; has delegated authority to exercise discretion in allocating financial resources, including budget adjustments; fiscal management responsibilities may include contract management, dealing with multiple funding sources and complying with numerous specialized funding source requirements; implements fiscal management strategies to maximize resource utilization.	93
High	Manages budget(s) of substantial consequence to the City, typically approaching 1% or more of the City's overall budget; has delegated authority to exercise substantial discretion in allocating financial resources, including budget adjustments; fiscal management typically includes diverse responsibilities for contract management, dealing with multiple funding sources and complying with numerous specialized funding source requirements; develops and implements fiscal management strategies to maximize resource utilization and achieve efficiencies.	140

3. Program Management - Refers to responsibility for developing, implementing, advocating, administering and evaluating identifiable program(s). A program has an identified set of policies, procedures, budget, identified and measurable outcomes associated with it, and has clear boundaries in relation to other programs and activities.

Not applicable	Has no defined responsibility for program management and administration.	0
Low	Manages programs of limited impact to City or external constituents; provides input on program implementation for more significant programs; administers procedures and processes to achieve specific objectives; provides customer service interface.	60
Medium	Provides recommendations for development of significant programs; implements programs by developing procedures and processes, and by managing resources to achieve program objectives targeted by senior decision-makers.	120
High	Plans, develops, creates, implements and evaluates significant programs to achieve broad objectives; defines measurements and is accountable for accomplishments; is vested with substantial delegated discretionary authority to develop and execute program policy and to allocate program resources.	180

4. Policy Management - Refers to responsibility for developing, implementing and advising decision-makers on policy.

Not applicable	Provides analyses on policy issues, and provides input on policy options; provides input on issues relating to operating processes and procedures.	0
Low	Provides input on and implements policies related to operations or services with limited direct public impact; provides recommendations on policy options affecting matters of limited scope and of short-term impact, typically of an operational nature.	53
Medium	Develops, recommends and implements policies of a programmatic or operational nature which have a direct impact on programs or services affecting the public; develops, presents and defends policy recommendations made to elected officials or executive decision-makers, typically involving short- to mid-term impact and consideration of impact on external parties.	107
High	Develops policy options and recommendations on highly visible or sensitive issues integral to the City's priority	160

	programs; develops recommended solutions to significant policy issues; develops implementation plans; provides authoritative recommendations of long-term impact to elected officials and executive decision-makers.	
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5. Technical Management - Refers to responsibility for technical expertise, typically in a technological or scientific discipline, including such elements as managing expert staff, serving as a key contributor or expert, and having technical competencies spanning various disciplines.

Not applicable	Has no defined responsibility for managing or possessing technical expertise; may require specialized professional knowledge.	0
Low	Supervises some technically-oriented staff and is required to deal regularly with technically-related issues, including legal or highly analytical issues; required to possess and apply technical expertise.	47
Medium	Has technical expertise in a specific field, typically evidenced by a required degree or license; supervises or provides authoritative advice to technically-oriented staff; required to possess some technical competencies outside of field of primary expertise.	93
High	Serves as a technical expert or key contributor, involving independent technical decision-making, typically evidenced by a required advanced degree and/or license; supervises technical staff providing highly visible or high-impact service to the City and its customers; required to possess additional technical competencies in order to effectively manage and integrate services.	140

6. Communications Management - Refers to effective representation of the City or City interests before external constituencies or as part of group processes.

Not applicable	Participates in and supports group decision-making processes.	0
Low	Represents functional area by communicating program or operating policies and procedures, or resolving significant customer service issues.	43
Medium	Represents department or functional area on a variety of issues before external constituencies; defuses potentially troublesome issues related to department policies and procedures; manages relationships with significant external constituencies; resolves significant problems and gathers	87

	external feedback through facilitating group processes.	
High	Represents the City on highly visible, sensitive and controversial issues before external constituencies; defuses troublesome issues related to City policies and procedures; manages and promotes relationships with significant external constituencies; regularly facilitates public involvement processes for policy input, to resolve significant issues, and to achieve important City objectives.	130

7. Matrix Management - Refers to coordinating and/or integrating functions, systems, or programs, and managing and/or facilitating the work of individuals, groups or teams across functional, departmental and/or jurisdictional lines without full Managerial/supervisory control, including administrative Managers across functional lines, and including the management of non-employees such as contractors and volunteers.

Not applicable	Participates as a member of and may assist with facilitating cross-functional, -departmental, or -jurisdictional teams.	0
Low	Periodically coordinates, integrates, and provides leadership for initiatives which involve cross-functional, -departmental, or -jurisdictional <i>ad hoc</i> teams.	40
Medium	Regularly coordinates, integrates, and provides leadership for both standing and <i>ad hoc</i> teams engaged in organized problem-solving, policy development, or service delivery across functional, departmental and/or jurisdictional lines.	80
High	On an on-going and consistently substantial basis, coordinates, integrates, and provides leadership for teams and other organized work groups with diverse representation across functional, departmental and/or jurisdictional lines, to achieve important outcomes requiring coordination and integration of diverse perspectives, skill sets, competencies and resources.	120

Strategic Advisor Matrix

Level of: POLICY CONTRIBUTION AND IMPACT		
Level	Score	Description
Limited	0	Provides input on policies related to operations or services; provides recommendations on policy options of an operational or short-term nature.
Medium	175	Develops and defends policies affecting the City's ability to fund and deliver programs and services; advises elected official(s) and/or department head(s) of major City department(s) on policies which may involve long-term impacts to the City, City services, City partners, or the public.
High	350	Shapes policy by making highly authoritative policy recommendations to elected officials and department heads; develops and defends policies with significant long-term impacts on the City's priority programs; strongly influence policies having significant and long-term resource implications; strongly influence policies which impact the conduct of business by multiple City organizational units.

Level of: PROGRAM CONTRIBUTION AND IMPACT		
Level	Score	Description
Limited	0	Makes program recommendations, may administer some phases of program(s).
Medium	75	Provides recommendations for development of significant programs to elected official(s) and/or department head(s) of major City department(s).
High	150	Strongly influence nature and scope of program direction for significant programs by acting as a key advisor to elected official(s) and/or department head(s) of major City department(s).

Level of: BUDGET CONTRIBUTION AND IMPACT		
Level	Score	Description
Limited	0	Makes budget recommendations, may administer some phases of budget(s).
Medium	75	Provides recommendations for development of significant departmental, program or business unit budget(s) to elected official(s) and/or department head(s) of major City department(s).
High	150	Strongly influence decisions by elected official(s) and/or department head(s) of major City department(s) on appropriate levels, sources and allocation of resources for major City services, programs or other activities, with significant long-term

		implications which impact the conduct of business by multiple City organizational units.
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Level of: COMMUNICATIONS CONTRIBUTION AND IMPACT		
Level	Score	Description
Limited	0	Communicates program and procedural information, and policies of an operational nature, to internal and external audiences.
Medium	50	Communicates to internal and external audiences on behalf of elected official(s) and/or department head(s) of major City department(s) on a variety of significant issues.
High	100	Communicates to internal and external audiences as an authoritative representative of elected official(s) and/or department head(s) of major City department(s) on a variety of significant issues related to the City's priority programs and services, for the purpose of garnering support, shaping opinions, advocating controversial positions, and achieving important City objectives.

Level of: MATRIX CONTRIBUTION AND IMPACT		
Level	Score	Description
Limited	0	Participates in and may assist with coordinating or facilitating cross-functional, departmental or jurisdictional teams.
Medium	50	Acts on behalf of and represents priorities and interests of elected official(s) and/or department head(s) of major City department(s) on a variety of cross-functional, departmental or jurisdictional teams.
High	100	Actively provides leadership, focus and direction to cross-functional, departmental or jurisdictional teams as an authoritative representative of elected official(s) and/or department head(s) of major City department(s) to achieve important City objectives related to the City's priority programs and services.

Level of: TECHNICAL EXPERTISE CONTRIBUTION AND IMPACT		
Level	Score	Description
Limited	0	Deals regularly with technically-related matters, and applies specialized knowledge in analyzing a variety of issues.
Medium	50	Has technical expertise in a specific field, typically evidenced by a required degree or license, and provides authoritative advice on technical matters to elected official(s) and/or department head(s) of major City department(s).
High	100	Acts as a technical expert in a specific field, involving independent technical decision-making, typically evidenced by a

		required degree or license, who serves as a Strategic Advisor of advice on technical matters which is relied upon by elected official(s) and/or department head(s) of major City department(s) to make decisions affecting the City's highly-visible or high-impact services.
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Level of: HUMAN RESOURCES CONTRIBUTION AND IMPACT		
Level	Score	Description
Limited	0	May provide lead direction to other staff.
Medium	25	Full supervisor of one or two staff.
High	50	Full supervisor of three or more staff.

**PERSONNEL RULES
CHAPTER 2--CLASSIFICATION**

Section 1 - Authority

2.1.100 Authority

SMC 4.04.040, and subsequent revisions thereto
SMC 4.04.050, and subsequent revisions thereto
SMC 4.04.130, and subsequent revisions thereto
SMC 4.20.080, and subsequent revisions thereto

Administration
Rule-making authority
Classification
Changes in incumbent
status transfers

Section 2 - Classification of Positions

2.2.100 Classification of Positions

The Personnel Director is authorized to classify each position in the classified service.

The appointing authority of each employing unit, or his or her designated representative, will report to the Personnel Director:

- a. any organizational changes which will abolish or change existing positions or establish new positions; and
- b. any substantive changes to the duties and responsibilities of existing positions.

The Personnel Director may conduct a classification study when she or he deems it necessary, ~~or when such study is requested by an~~ An employee or ((an)) the appointing authority for the position in question may request a classification review of a position when either party believes that the position's duties and responsibilities have undergone a change sufficient to change its classification. Although the appointing authority need not concur in the request for a classification review, no classification change will be implemented without his or her approval. All classification changes must be legislated.

2.2.200 Assignment of Work

A classification review is required when an employee is assigned to do, on other than an out-of-class basis, a body of work that is

predominantly associated with a class other than the one to which his or her position is allocated; except that the phrase in any class specification, "and to perform related work as required," is to be liberally construed.

2.2.300 Application of Point Factor Assessment

Positions which have been identified as meeting the general criteria for allocation to the Manager or Strategic Advisor classification and compensation system will be designated for inclusion in one of 11 possible occupational categories based on the general nature of duties assigned. The Personnel Director will classify such positions using the Manager Matrix or the Strategic Advisor Matrix, as appropriate. The resulting point factor totals will determine the pay zone, or classification, to which each position will be allocated, as follows:

1. For Managers, 200 to 399 points = Pay Zone 1; 400 to 599 points = Pay Zone 2; and 600 points and above = Pay Zone 3.
2. For Strategic Advisors, 200 to 499 points = Pay Zone 1; 500 to 799 points = Pay Zone 2; and 800 points and above = Pay Zone 3.

A classification change will result in the movement of a position from pay zone to another.

Section 3 - Effect of Classification Changes on Incumbent

2.3.100 Retitling

When the title of a class is changed without a change in duties or responsibilities, any incumbent will have the same status in the class, that is, probationary or regular, as he or she previously held.

2.3.200 Reclassification

When a position is reclassified because of a gradual change in the nature, scope or complexity of the duties, the incumbent will have the same status (i.e., probationary or regular) as previously held. In the case of a reclassification which results in a reduction of the salary

range, the appointing authority may transfer the incumbent to a vacant position in the original class in the same employing unit. If there is no vacant position in the original class in the employing unit, the appointing authority will reduce the incumbent to the lower-paid class with an incumbency rate of pay. Assignment of duties on an out-of-class basis usually will not constitute a gradual change in duties.

2.3.300 Reallocation

When an appointing authority or designated representative, deliberately and usually prospectively, assigns a new body of work to a classified position, and there is a consequent classification change, the reallocated position will be filled by a selection process. If the incumbent is not selected for the reallocated position and cannot be moved to a vacant position in the previous class, an order of layoff will be prepared for the position's previous classification. If the incumbent is selected for the reallocated position, the appointment thereto will be treated as a promotion, reduction, or transfer, depending upon the relationship of the new salary range to the previous salary range.

Section 4 - Effective Date of Classification Actions

2.4.100 Effective Date of Reclassification

- A. A reclassification which results in changing a position to a lower-paying class becomes effective 30 days after the passage of the authorizing legislation.
- B. A reclassification which results in changing a position to a higher-paying class becomes effective on the date that the substantive change to the position can be verified by the Director, or on the date an authorized management representative signed the Position Description Questionnaire. The effective date of the reclassification will be stated in the classification determination report.
- C. A reallocation becomes effective on the date that the position's supervisor, manager, or appointing authority assigns a new body of duties thereto. The effective date of the reallocation will be confirmed in the classification determination report.

Section 5 - Classification Reconsideration Process

2.5.100 Reconsideration

- A. Any classified employee, individually or in conjunction with the management of his or her employing unit, may request a reconsideration of the Personnel Director's determination of the appropriate classification allocation or reallocation for his or her position. The reconsideration process is an opportunity to provide additional information about a position's assigned duties and responsibilities before a classification determination is finalized and legislated. The appropriate subjects for a reconsideration process are a position's proper classification and/or the effective date of a classification action.
- B. A request for reconsideration must be delivered to the Classification/Compensation Director within 20 days of the date of the cover letter that transmits the classification determination report. The request for reconsideration need not include information about the nature of or supporting documentation for the desired change; however, the requesting party should be prepared to provide to the Reconsideration Panel a revised position description questionnaire, relevant organizational charts, written work assignments or evaluations, or other materials that were not part of the original position analysis, or that the requesting party believes were not given proper weight in the original analysis.
- C. Within 30 days of receipt of a request for reconsideration, the Classification/Compensation Director will schedule a meeting between the party who submitted the request and the reconsideration panel. The reconsideration panel will be appointed by the Classification/Compensation Director and will usually consist of him or herself and two Classification/Compensation Supervisors. The requesting party may invite individuals in similarly situated positions, the position's supervisor, manager, or appointing authority, or any other individual who is able to provide information about the duties and responsibilities assigned to the position(s) in question. Although the reconsideration request does not require the support of the position's management, the original classification determination will not be changed until the

authorized management of the position has verified that the duties and responsibilities described are officially assigned to the position.

1. Reconsiderations will be scheduled during normal working hours, and employees will be paid their regular rates of pay for attending. Insofar as it is possible, the Classification/Compensation Director will schedule reconsiderations so as to have the least possible effect on the employing unit's workload and schedule.
 2. If the employee has invited other employees to appear at the reconsideration on his or her behalf, the Classification/Compensation Director will permit such other employees to make their presentations at the beginning of the scheduled reconsideration so that they may return to work as quickly as possible.
- D. The Classification/Compensation Director will notify the human resources section of the employing unit in which the position is located of the outcome of the reconsideration process. It is the responsibility of the human resources staff to notify the position incumbent and other affected parties. Notification of the reconsideration process outcome will be made within 30 days, or the Classification/Compensation Director will notify the affected party or parties of the need for additional time.

2.5.200

Additional Appeal Rights

The reconsideration process is the final appeal of the actual classification determination. However, any classified employee who feels that his or her position is improperly allocated as a result of the misapplication or violation of the provisions of this Chapter, Seattle Municipal Code Title 4 (Personnel), published personnel policies, or City Charter Article XVI may initiate a grievance under Personnel Rule 8.4.100. Upon exhausting these administrative grievance procedures, the employee may file an appeal with the Civil Service Commission in accordance with Seattle Municipal Code Section 4.04.260.

**PERSONNEL RULES
CHAPTER 3--COMPENSATION**

Section 1 - Authority

3.1.100 Authority

SMC 4.04.040, and subsequent revisions thereto	Administration
SMC 4.04.050, and subsequent revisions thereto	Rule-making authority
SMC 4.20, and subsequent revisions thereto	Compensation and Working Conditions Generally
SMC 4.21, and subsequent revisions thereto	Standby Duty
SMC 4.20.400, and subsequent revisions thereto	Manager compensation program—Description
SMC 4.20.420, and subsequent revisions thereto	Strategic advisor compensation program— Description

Section 2 - Salary Determinations

3.2.100 New Classifications

The Personnel Director will ~~determine~~ recommend for City Council's approval the proper salary ranges for all new job classes. An appropriate salary range for each new class will be determined based on a comparison with classes which are assigned duties of a similar nature, level and complexity, as well as recruiting requirements. All position titles and compensation rates will be published by the Personnel Director.

3.2.200 Salary Reviews

The Personnel Director will conduct an evaluation of the appropriateness of the salary range to which a class is assigned when the appointing authority or his or her designated representative, or the position incumbents in the class, notify the Director of recruiting and retention difficulties, or when otherwise deemed necessary by the Director.

Section 3 - Salary Step Placement

3.3.100 Salary on Initial Appointment and Promotion

- A. Employees, except those employees allocated to a Manager or Strategic Advisor classification, will be paid at the first step of the salary range assigned to a class upon initial appointment to

a position in the class, unless the ~~Personnel Director~~ appointing authority approves a salary step exception for reasons of recruiting difficulties, or because the first step creates an inequity for a potential appointee relative to his or her qualifications and current or expected compensation package.

- B. An employee other than a Manager or Strategic Advisor who is promoted will receive the step in the new salary range which provides an increase closest to but not less than one salary step over the most recent step received in the previous salary range, not to exceed the maximum step of the new salary range. If the promotion is from a position within the classified service to an exempt position, or is between exempt positions, the appointing authority may grant placement at a higher salary step than could be obtained via application of this Rule, not to exceed the top step of the higher salary range. If an employee has worked in an out-of-class assignment in the same class to which he or she is promoted within the 12 months preceding the promotion, such out-of-class work hours will count toward salary step placement.

3.3.200

Salary on Reduction

- A. When an employee is reduced for voluntary or non-disciplinary reasons to a position in a class with a lower maximum salary step, step placement will be at the step in the lower range which is closest to the step received in the higher range immediately before the reduction. Such step placement should not result in a loss of pay unless the step the employee received before the reduction exceeds the top step of the lower range. Combined service in both classifications will count toward the next salary step increment date.

If an employee subsequently returns from voluntary or non-disciplinary reduction to the former class, the salary step placement will be to the step from which he or she was originally reduced.

- B. When an employee is reduced for cause to a position in a lower-paying class, the salary step placement will be at the step of the lower range which is closest to the step most recently received in the higher range, not resulting in a salary increase. Combined service in both classifications will count toward the next salary step increment date.

3.3.300 Salary on Transfer

An employee, other than a Manager or Strategic Advisor, who transfers to a position in a class with the same salary range will be placed at the same step in the range as he or she holds immediately prior to the transfer. Time served in both the old position and the new position will be combined for purposes of step progression.

3.3.400 Salary on Reclassification for Positions Not Allocated to Manager or Strategic Advisor

- A. When a position is reclassified to a higher-paying class, the incumbent's salary step placement is calculated as if the reclassification were a promotion.
- B. When a position is reclassified to a class having the same salary range as the original class, the incumbent's salary step placement is calculated as if the reclassification were a transfer.
- C. When a position is reclassified to a class with a salary range the maximum step of which is lower than the step the incumbent received immediately prior to the reclassification, and the incumbent is reduced to the new class, his or her pay will be incumbency-rated, as defined in Personnel Rules Chapter 1, Section 2.
- D. When an employee is in a position subject to a classification action which becomes effective on the same date as a cost-of-living adjustment is awarded, and the effect of the action is to freeze his or her pay, the cost-of-living adjustment will be considered as having occurred prior to the classification action.
- E. When a classification reallocation results in a change to the salary range assigned to a position, and the position incumbent is appointed to the position, his or her salary step placement shall be determined as in reduction or promotion, if the new salary range is lower or higher, respectively.

3.3.500 Effect of Change to Salary Range

- A. When the number of steps in a salary range is increased, an employee in a class thereby affected will be placed at the step of the new range that has the same relationship to the top step of that range as his or her step placement in the original range had to the top of the original range.

- B. When the number of steps in a salary range is decreased, an employee in a class thereby affected will be placed at the step of the new range which is the same as if the new range had been in effect since his or her appointment to the class.
- C. When a class is assigned to a new salary range with the same number of steps as the previous range, employees affected by the new range assignment will be placed at the same step number as they had in the previous range.

3.3.600 Effect of Cost-of-Living Adjustment

A cost of living adjustment will be added to each step of a salary range. It will not affect an individual's step placement or service credit therefor. A cost-of-living adjustment is not added to incumbency rates.

Section 4 - Salary Step Progression

3.4.100 Salary Step Increments for Employees in Positions Other than Manager or Strategic Advisor Positions

Employees who are appointed at the first step of a salary range will be awarded an increment to the second step following the equivalent of 6 months (1,044 hours) of full-time regular service. Employees appointed to other than the first step will be awarded an increment to the next step following the equivalent of 12 months(2,088 hours) of full-time regular service. Subsequent step increments to the maximum step of the range will be awarded following each additional ~~2,088 hours~~ 12 months of full-time regular service.

3.4.200 Unpaid Absences

For purposes of salary step progression, authorized unpaid leaves of absence will be credited at the rate of ~~((30-working))~~ 45 days per service year, generally the equivalent of 240 regular pay hours.

3.4.300 Return From Break In Service

An individual who returns to City employment following a break in service is treated as an initial appointment for purposes of salary step placement and progression, unless the break in service was the result of a layoff and reinstatement occurs within a year of such layoff.

Section 5 - Overtime

3.5.100 Eligibility

Hourly employees are eligible to receive overtime compensation for all hours worked beyond 40 in a work week. Salaried FLSA exempt employees are ineligible for overtime compensation regardless of the number of hours worked in a work week.

3.5.200 Authority To Assign

An hourly employee who works more than 40 hours in a work week without the prior approval of his or her supervisor or an authorized management representative may be subject to disciplinary action.

3.5.300 Rate Of Compensation

- A. Hourly employees will be compensated at 1½ times their regular hourly rate of pay for all hours worked beyond 40 in a work week for ordinary overtime. They will be compensated at 2 times their regular rate of pay for extraordinary overtime.
- B. When overtime is not a continuation of an employee's normal work shift, the minimum compensation is for 2 hours.
- C. When an hourly employee is called to work on a recognized paid holiday, he or she will be paid his or her straight-time holiday pay, and will in addition receive 2 times his or her normal rate of pay for any hours over 40 in the work week. If the employee's normal work schedule includes the holiday, he or she will be paid at the rate of 1½ times his or her normal rate of pay, in addition to straight-time holiday pay.
- D. An hourly employee may receive compensatory time off in lieu of compensation for overtime when the employee and his or her supervisor so agree. No employee may accrue more than 240 hours of compensatory time off, in accordance with the Fair Labor Standards Act. An employee's use of accrued compensatory time must be approved by his or her supervisor.

3.5.400 Compensation for Meal

An hourly employee who is assigned to work for a total of 2 or more consecutive hours beyond his or her normal shift, or beyond a reasonably continuous period of overtime equal to the length of the

employee's normal shift, will be compensated for one meal. The meal must be purchased during or immediately after the overtime assignment, and a receipt provided by the employee to his or her supervisor no later than the beginning of his or her next regular work shift.

Section 6 - Executive and Merit Leaves

3.6.100 Executive and Merit Leaves

- A. Salaried employees will receive 4 days of paid executive leave annually. The executive leave is granted and must be used in increments of not less than 1 day, and it cannot be cashed out or carried over from year to year.
- B. Salaried employees are eligible to receive a maximum of 6 days of paid merit leave annually for performance. Merit leave is awarded by the appointing authority in increments of 1 day, and must be used in increments of not less than 1 day. It cannot be cashed out or carried over from year to year.

Section 7 - Out-of-Class Assignments

3.7.100 Purpose

An employee may be temporarily assigned the duties of a higher-paid position ~~((, and compensated as in promotion while performing these duties,))~~ in order to continue or complete essential public services. Reasons for out-of-class assignment include the absence of the employee who would normally perform those duties, a position vacancy, peak workload periods, and special projects.

3.7.200 Eligibility

An employee assigned to perform the duties of a higher-paid position on an out-of-class basis must meet the minimum qualifications of the higher classification and be able to demonstrate that he or she can perform the normal duties of the position. Hourly employees must perform the duties of a higher-paying position for a minimum of four consecutive hours to be eligible for payment at the higher rate. Salaried employees must perform the duties of a higher-paying position for a minimum of 2 consecutive work weeks to be eligible for payment at the higher rate.

3.7.300

Compensation for Out-of-Class Duties

- A. The promotion rule (3.3.100 [B]) shall apply for employees assigned to work out-of-class in a classification other than a Manager or Strategic Advisor classification.
- B. An employee in a position that is not allocated to a Manager of Strategic Advisor classification, who works out-of-class in such a position, shall receive a rate of pay within the appropriate pay zone that is no less than would result from the application of the promotion rule, at the discretion of the appointing authority or his or her designated management representative, not to exceed the maximum rate of the pay zone.
- C. An employee in a position allocated to a Manager or Strategic Advisor classification who works out-of-class in another pay zone may be compensated at any rate in that pay zone, at the discretion of the appointing authority or his or her designated management representative, not to exceed the maximum rate of the pay zone.
- D. An employee assigned to work out-of-class in a position included in the Accountability Pay for Executives program may be paid at any rate in the appropriate market group, at the discretion of the appointing authority, not to exceed the maximum rate of the market group.

3.7.400

Credit for Step Placement

- A. An employee who works out-of-class continuously in the same classification for 12 months shall receive a step increase, or the equivalent thereof, not to exceed the maximum of the salary range, pay zone, or market group, unless the employee has, within the previous 12 months, received a step or pay increase in the out-of-class assignment as a result of step progression in his or her primary classification.
- B. An employee who is appointed, or whose position is reclassified or reallocated, to a classification (other than a Manager or Strategic Advisor classification) in which he or she has worked out-of-class, shall receive credit toward salary step placement for all hours worked in such out-of-class assignment(s), provided such appointment, reclassification, or reallocation occurs within 12 months of the end of the most recent such

assignment. The appointing authority or his or her designated management representative may take into account hours worked in an out-of-class assignment when determining base salary placement for an employee who is appointed, or whose position is reclassified or reallocated to a Manager or Strategic Advisor classification, within 12 months of the end of the most recent out-of-class assignment to such classification.

3.7.500 Length of Assignment

Out-of-class assignments are limited to 6 months, unless extended by the appointing authority. Out-of-class assignments of non-represented employees to positions represented under the terms of a collective bargaining agreement are subject to any out-of-class assignment limitation and extension provisions of the agreement.

3.7.600 Effect on Classification and Compensation

Assignment of higher-paying duties on an out-of-class basis will not obligate the Personnel Department in its classification or compensation decisions.

3.7.700 Use of Out-of-Class To Implement Classification Decisions

Upon receipt of a classification determination report which upgrades a position to an existing classification, the appointing authority will use an out-of-class assignment as a mechanism to pay the position incumbent at the proper rate pending legislation of the classification action. The employee should be treated as though he or she were appointed on the classification effective date for purposes of salary step placement and payment for authorized leave.

Section 8 - Standby Pay

3.8.100 Purpose

Standby pay is awarded to an hourly employee who is assigned to respond to emergencies during the employee's non-working hours.

3.8.200 Responsibilities

An employee who is assigned standby duty must remain available to be contacted by the employing unit in the event of an emergency, and must be able to respond, by telephone within 15 minutes, or in person

within time parameters established by the appointing authority, of being so contacted.

3.8.300 Compensation

- A. An employee who is assigned to remain on standby to perform the duties of his or her class will receive 10% of his or her regular straight-time hourly pay rate for each hour on standby duty.
- B. An employee who is assigned to remain on standby to perform the duties of another class will be paid 10% of the regular straight-time hourly rate of pay for each hour on standby duty as follows:
 - (1) If the employee's regular straight-time rate of pay is within the salary range of the other class, standby pay will be calculated on his or her actual rate of pay
 - (2) If the employee's regular straight-time rate of pay is higher than the top step of the salary range of the other class, the employee will receive 10% of the top step of the salary range of the class in which he or she is assigned standby duty.
 - (3) If the employee's regular straight-time rate of pay is lower than the first step of the salary range of the other class, the employee will receive 10% of the first step of the salary range of the class in which he or she is assigned standby duty.

3.8.400 Standby Pay To Cease

When an employee assigned to standby duty responds to an emergency or other problem for which he or she has been called, standby duty pay will be discontinued and overtime or regular pay will commence upon arrival at the work site.

Section 9 - Manager and Strategic Advisor Compensation Programs

3.9.100 Salary Placement

- A. The Manager and Strategic Advisor base salary structure shall consist of three pay zones. Allocation of a position to a

Manager or Strategic Advisor classification by the Personnel Director shall determine the appropriate pay zone therefor.

- B. The appointing authority or his or her designated management representative shall decide each position incumbent's base salary placement, within the parameters of the pay zone to which the position is allocated. The salary placement decision shall be based on the consistent application of criteria that address, as appropriate, the growth or reduction of position responsibilities, recruiting or retention issues, market equity, internal alignment, and individual learning curve. Only the relevant criteria need be considered for each position. The appointing authority or his or her designated management representative may evaluate at any time any Manager or Strategic Advisor position within his or her employing unit for base salary adjustments based on any or all of these criteria.
1. All salary placement decisions shall be documented, and such documentation must be furnished, upon request, to the Personnel Director, Office of Management and Planning Director, or the City Auditor, for purposes of evaluating base salary distribution.
 2. The appointing authority will provide, upon request of the affected employee, an opportunity for such employee to provide in writing additional information that he or she believes may affect his or her salary placement.
- C. An employee whose current rate of pay, upon appointment or allocation to a Manager or Strategic Advisor classification, exceeds the maximum rate of pay established for the pay zone shall have his or her salary frozen until such time as the upward adjustment of the pay zone parameters encompasses the frozen salary rate. Likewise, an employee whose position duties and responsibilities are reduced such that the appointing authority would normally expect to approve a lower base salary shall have his or her current base salary frozen until such time as the appointing authority determines that the position's duties and responsibilities have increased sufficiently to merit a higher salary placement, or that the position or incumbent meets some other criterion for a base salary increase.

Section 10 - Employee Appeal Rights

3.10.100 Appeal of Compensation Decisions

- A. The rate of compensation set for a position, whether by the Personnel Director, or by the appointing authority for positions included in a Manager or Strategic Advisor classification, may not be appealed to the Personnel Director. The process by which the Personnel Director or an appointing authority determines the rate of compensation for a position, including the criteria used, may be appealed as provided in Personnel Rule 3.10.100 (B).
- B. Any employee who believes that his or her compensation rate or the administration of his or her compensation has been adversely affected by a misapplication or violation of these Personnel Rules, Seattle Municipal Code Chapter 4.20 (*Compensation and Working Conditions Generally*), published personnel policies, or City Charter Article XVI may initiate a grievance under Personnel Rule 8.4.100. Upon exhausting this administrative grievance procedure, the employee may file an appeal with the Civil Service Commission in accordance with Seattle Municipal Code Section 4.04.260.

**EVALUATION TOOL—
APEX, MANAGER, & STRATEGIC ADVISOR PROGRAMS**

The reports described below do not currently exist. However, most of the data are or will be available through HRIS; HRIS management has provided assurance that the reports can be prepared on relatively short notice once the criteria are adopted.

1. REPORTS

Baseline pre-implementation (#2 below)
Baseline upon implementation (#3 below)

Quarterly:

Base Salary Analysis (#4 below)
Recruitment, Exit and Turnover Statistics (#5 below)

Annual:

Performance Award Analysis (#6 below)
Decision Documentation Audit (#7 below)

2. Baseline pre-implementation

Reason for report: Implementation of the Programs will result in substantial realignment of pay for participants in the Programs. Data are not available for Managers and Strategic Advisors by EEO category under the existing classification / compensation systems. Pre-implementation baseline data will allow Council to evaluate the Programs *vis-à-vis* the alternative status of employees had the Programs not been implemented.

Report content: This report can be generated upon adoption of legislation implementing the Programs. APEX, Manager and Strategic Advisor positions included in the legislation will be identified as such either by position number or the addition of an alphanumeric identifier to the HRIS. Once the positions included in each of the Programs are identified, the report will be produced to include: [Position Number] [Program] [Name] [Title] [Department] [Pay Grade] [Step in Grade] [Current Salary] [EEO Category].

Implications of report: Council can utilize this report, correlated with other reports as necessary, to evaluate whether the overall impact of the Programs proves to be adverse to protected classes over time, to evaluate the degree by which base salary costs vary between the existing classification / compensation systems (projected forward) and the Programs, and to determine the remedial action, if any, required to be taken.

3. Baseline upon implementation

Reason for report: Future evaluation of the Programs will require baseline data. Flaws in design or implementation of the Programs, in terms of adverse impact on protected classes and unanticipated salary cost or budget impacts, can only be detected through such data.

Report content: This report can be generated upon adoption of legislation implementing the Programs. Once the positions included in each of the Programs are identified, the report will be produced to include: [Position Number] [Program] [Name] [Department] [Occupational Group] [Pay Zone] [Current Salary] [EEO Category].

Implications of report: Council can utilize this report, correlated with pre-implementation baseline data, to evaluate whether the Programs as designed or implemented result in an immediate adverse impact to protected classes. This report will also provide initial data related to inter-departmental and intra-departmental pay equity (discussed in #4 below), compensation and classification by EEO category, and salary costs by various categories.

4. Base Salary Analysis

Reason for report: This quarterly report will track the actual operation of the Programs. It will report changes from baseline in: (1) inter-departmental and intra-departmental pay equity; (2) compensation and classification by EEO category; and, (3) salary costs by various categories.

Report content: This report will provide summary data on base salary, and allow for additional detail reports as needed to conduct further analysis as required, with the following fields: [Position Number] [Program] [EEO Category] [Department] [Occupational Group] [Pay Zone] [Current Salary]. The following operations are recommended:

Operation							
KEY	SORT	SORT	SORT	SORT	SORT		LOOK-UP
Position #	Program	EEO category	Department	Occupational Group	Pay Zone	Salary	Pay Zone Penetration

REPORT SUMMARY - EEO					
Program (sort)	EEO category (sort)	AVERAGE Pay Zone Penetration	Historical - Last Quarter	Historical - 1 Year	Historical - Baseline

REPORT SUMMARY - BASE PAY COSTS					
Program (sort)	TOTAL Salary	AVERAGE Salary	Historical - Last Quarter (Total and Average)	Historical - 1 Year (Total and Average)	Historical - Baseline (Total and Average)

REPORT SUMMARY - DEPARTMENTAL EQUITY					
Program (sort)	Department (sort)	AVERAGE Pay Zone Penetration	Historical - Last Quarter	Historical - 1 Year	Historical - Baseline

ANCILLARY REPORTS: In the event that the summary reports indicate unfavorable trends, or in the conduct of audits of the Programs, additional *ad hoc* reports can be prepared at the necessary level of detail. Reports can be run by individual position if needed, to answer such questions as:

- Are members of various protected classes underrepresented in certain departments or occupational groups
- Are members of various protected classes underrepresented in certain pay zones within occupational groups
- How does pay zone penetration vary by EEO category, occupational group and department
- Is there a symmetrical distribution of pay zones across departments
- Is average salary increasing more rapidly in some departments than in others

PAY ZONE PENETRATION refers to the "compa-ratio" of a position; in other words, what percentage of midpoint is base pay. For example, if midpoint is \$85,000 and pay is \$79,000 then the penetration level is 92.9%; if pay is \$92,000 then the penetration level is 108.2%. Use of this measure standardizes comparisons which involve three Programs and multiple pay zones.

Implications of report: This report will allow Council, on a quarterly basis, to identify trends in base salary costs, adverse impacts, and disparity among departments. Ancillary reports can be produced as needed, to identify the sources of such trends. Personnel Division specialists, City Auditors, or others as designated can then investigate the issues, on a position-by-position, departmental, occupational group, and/or EEO category basis and develop necessary corrective strategies.

Council may wish to adopt heuristics that would trigger further review, such as the "80% rule" for assessing adverse impact.

1. Recruitment, Exit and Turnover Statistics

Reason for report: The Programs have been designed to enable the City to achieve the basic goals of attracting, retaining and motivating executive and managerial talent. This quarterly report will enable Council to evaluate how well the Programs meet these objectives.

Report content: This report will track (1) the number of applications for vacant positions covered by the Programs, (2) the reasons why hired applicants chose the City, (3) the reasons why position holders left the City, and (4) the overall rate of turnover within the Programs.

Part (1) will be generated from applicant flow data, sorted by EEO category, currently submitted to the Personnel Division by all departments.

Part (2) requires the development of a post-hire survey which would rank the importance of salary as a factor in the new position-holder's decision to apply for and accept the position.

Part (3) requires the formalization of the exit interview process to determine the extent to which salary was involved in the exit decision, and whether the department made use of a counter-offer as allowed under the Programs.

Part (4) tracks quarterly and historical data for overall turnover within the Programs.

Parts 1 and 4 are strictly numerical; parts 2 and 3 are more interpretive, but provide the most valuable information.

By way of reference, only 9 Managers have left the City voluntarily (other than early separation) since January 1, 1995. Of approximately 250 positions over 32 months, this works out to a turnover ratio of 1.35%, which is quite low. Further, of these 9 only 3 specifically indicated salary as a primary issue, although it may have been a factor for several others. In any event, salary-related turnover even under the current classification and compensation system is probably less than 1% per year among managers.

Implications of report: This report will allow Council, on a quarterly basis, to identify trends in recruitment, retention and turnover for positions covered by the Programs. Post-hire and exit data will clarify the value of the Programs in enhancing the City's ability to compete with other employers for executive and managerial talent.

2. Performance Award Analysis

Reason for report: This annual report will parallel the Base Salary Analysis report (#4 above) to track the variable pay element of the Programs. However, this report will not contain pre-implementation baseline data. It will provide data on performance award distribution and trends, for inter- and intra-departmental comparison, and by EEO category.

Report content: This report will provide summary data on performance awards, and allow for additional detail reports as needed to conduct further analysis as required, with the following fields: [Position Number] [Program] [EEO Category] [Department] [Occupational Group] [Performance Award] [Current Salary]. The following operations are recommended:

Operation						
KEY	SORT	SORT	SORT	SORT		
Position #	Program	EEO category	Department	Occupational Group	Performance Award	Salary

REPORT SUMMARY - EEO					
Program (sort)	EEO category (sort)	AVERAGE Award as % of Salary	Historical - Last Year	Historical - Last 3 Years - moving average	Historical - First Year

REPORT SUMMARY - PERFORMANCE AWARD COSTS					
Program (sort)	TOTAL Performance Award	AVERAGE Performance Award	Historical - Last Year (Total and Average)	Historical - Last 3 Years - moving average (Total and Average)	Historical - First Year (Total and Average)

REPORT SUMMARY - DEPARTMENTAL EQUITY					
Program (sort)	Department (sort)	AVERAGE Award as % of Salary	Historical - Last Year	Historical - Last 3 Years - moving average	Historical - First Year

ANCILLARY REPORTS: As with the Base Salary Analysis report, in the event that the summary reports indicate unfavorable trends, or in the conduct of audits of the Programs, additional *ad hoc* reports can be prepared at the necessary level of detail. Reports can be run by individual position, to answer such questions as:

- How do performance awards vary by EEO category, occupational group and department
- Is there a symmetrical distribution of performance awards across departments
- What is the range of performance awards granted by each department
- How many participants in the Programs receive no award
- Are performance awards increasing more rapidly in some departments than in others
- Is there a correlation between department performance (as measured by department performance criteria) and level of performance awards

Since the use of monetary performance awards is new for the City, Council may wish to define one or more detailed standard reports in advance. One such report might include the following elements:

Program: APEX (etc.)						
DEPARTMENT: X						
Distribution:	0	>0,<2.5%	>=2.5%,<5%	>=5%,<7.5%	>=7.5%,<10%	>=10%
COUNT						
PERCENT						
+/- City Average % Distribution EEO Analysis:	Average Base For Category	Average Performance Award (PA)	Average PA as % of Average Base	+/- overall Department Average %	Average % Citywide for EEO category	+/- Citywide Average %
EEO category #1 (etc.)						

Implications of report: This report will allow Council, on an annual basis, to identify trends in performance award costs, adverse impacts, and disparity among departments. As with the Base Salary Analysis report, ancillary reports can be produced as needed, to identify the sources of such trends. Personnel Division specialists, City Auditors, or others as designated can then investigate the issues, on a position-by-position, departmental, occupational group, and/or EEO category basis and develop necessary corrective strategies.

1. Decision Documentation Audit

Consisting of an audit report, the Decision Documentation Audit can be conducted by Personnel Division specialists, City Auditors, or external auditors, as required. The purpose of the audit will be to ensure that the basis for classification, base pay and performance award decisions has been documented in each department. The report will enable Council to ensure that both legal and policy requirements and objectives are being met in implementation of the Programs.

MANAGER AND STRATEGIC ADVISOR PROGRAMS
Base Salary Placement Considerations Workbook
"SALARY PLACEMENT AUTHORIZATION FORM"

POSITION # _____ **INCUMBENT** _____

Current Salary (at implementation or at point of hire) \$ _____
(annual = hourly rate X 2088)

Pay Zone Allocation _____ **Point Factor Score** _____

Occupational Group _____

Pay Zone Minimum _____ **Pay Zone Maximum** _____

Consideration Results <i>(for details, see following pages)</i> <i>Appointing authorities may employ one or more of the following Consideration Methods.</i> <i>Please be consistent.</i>	
	Warranted Compensation Level
Consideration 1A: Transitional	
Consideration 1B: Transitional + Other Considerations	
Consideration 2A: Job Size, Basic Ranking Method	
Consideration 2B: Job Size, Point Score X Mkt-Modifier	
Consideration 3: Recruiting and Retention Issues	
Consideration 4: Market Equity	
Consideration 5: Internal Alignment	
Consideration 6: Learning Curve	

Having applied one or more of the above considerations consistently for all positions under my responsibility, I authorize compensation for

Position # _____ **at \$** _____ (divide by 2088 for hourly rate)
 FT/Annual

Signed: _____ **Date:** _____

Printed Name: _____ **Title:** _____

MANAGER AND STRATEGIC ADVISOR PROGRAMS
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Consideration #1—Transitional

This is the simplest and most conservative approach to making initial compensation decisions for implementation of the Manager and Strategic Advisor Programs. It would be reasonable to use this approach should you feel fairly confident that the current system properly compensates affected employees in your organization.

Option A

For transitional purposes, all affected employees could be moved from the "old" compensation system to the new compensation system at their current rates of pay.

Check or initial any of the following boxes that would apply to the position under consideration.

Incumbent's current rate of pay fits within the pay zone.

Incumbent's current rate of pay, upon implementation, falls below the minimum of the pay zone.

\$ _____

The pay zone minimum to which the position's wages must be increased is:

\$ _____

The incumbent's current rate is above the maximum of the pay zone.

I authorize that the compensation for this position be held at its current level until the parameters of the pay zone catches up. The authorized "frozen" rate of pay is:

\$ _____

Option B

Any employees whose current pay rates are above the maximum rate of the pay zone to which they are allocated must continue to receive the current pay rate until market adjustments to the pay zone extend the parameters to include the current rate of pay. This practice is known as "freezing," "incumbency rating," "red circling," or "red lining."

The incumbent's current rate is above the maximum of the pay zone.

I authorize that the compensation for this position be held at its current level until the parameters of the pay zone catches up.

The authorized "frozen" rate of pay is: \$ _____

MANAGER AND STRATEGIC ADVISOR PROGRAMS

Base Salary Placement Considerations Workbook, Page 3

For all positions whose pay rates fall within or below the pay zone to which they are allocated, you could conduct a pre-implementation review and slot them within the pay zone based on the outcome of that review. For review based on job size, see *Consideration #2*. For review based on recruiting or retention issues, see *Consideration #3*. For review based on market equity, see *Consideration #4*. For review based on internal alignment, see *Consideration #5*. For review based on learning curve, see *Consideration #6*. You may review each position for any and all of these considerations at the time of initial program implementation and at any time thereafter that you believe there might be cause for a salary change. The critical thing to keep in mind is that adjustments made for any of these reasons can affect the relationship between all of the positions in the pay zone; for example, if you adjust one position for job size, you need to be prepared to address employee concerns about the resulting change in internal alignment.

A pre-implementation review based on consideration # _____ warrants salary placement as follows. _____

\$ _____

Consideration #2—Job Size.

Personnel, using a point factor analysis, has determined that all the jobs within a particular pay zone are similar enough in complexity, level of responsibility, and strategic significance to warrant allocation to the same pay zone. How do I get from that pay zone allocation to determining the proper base pay for each position based on the duties and responsibilities assigned to it?

Job Size Change Considerations

To determine whether a position needs to be re-evaluated because of a change in job size, consider the following and initial or check the boxes if relevant. If explanations are necessary, please add pages to serve this need.

Has there been a continuous growth or reduction in duties and responsibilities over a reasonable period of time?

Did I authorize the change?

What caused the change (e.g., reorganization, budget action, technology, reordering of work priorities, Citywide or department strategic initiatives)?

If the change evolved because one employee was better qualified to perform the work, do I approve of the arrangement or would I prefer to address the issue differently?

MANAGER AND STRATEGIC ADVISOR PROGRAMS

Base Salary Placement Considerations Workbook, Page 4

- What is the impact on internal alignment if I increase or freeze this incumbent's salary?
- Has the job changed so substantially that a new classification review for possible change of pay zone allocation is warranted?
- As a new manager or strategic advisor program position, or as a result of an authorized job change, the position needs to be measured for relative job size. See following options. ◆

Option A: The Job Ranking Method

The job ranking method is similar to selecting benchmarks for a salary survey. Based on their pre-implementation salaries, the positions may already be arrayed throughout the zone. Select the "biggest" job in each pay zone based on your assessment of:

- Technical knowledge required to perform the job—does the job typically require advanced education and significant experience; or is it basically an entry-level job that provides opportunity for the incumbent to learn via on-the-job experience?
- Strategic significance to your organization—is this position assigned tasks that substantially impact your department's major programs and objectives?
- Customer communication base—must the incumbent in this position work with the public, elected officials, and/or representatives of other agencies in order to accomplish his or her work?
- Decision-making authority—does the position incumbent make independent decisions that have a significant impact on resource allocation, program or process development, or policy recommendations?
- Cost of error—if the employee in this position were to make an error in judgment, would the results be disastrous or rather easily rectified?

Once you have identified the biggest job in each pay zone, use it as a standard to which you compare each other job in turn. You could assign numerical points for each factor, if that makes the comparison easier.

For example: You have 6 managers allocated to pay zone one in the general government occupational category. When they are slotted in at their current salaries, they are arrayed like this:

Maximum	\$60,117	
	\$60,072	Manager V(a)
	\$56,794	Manager IV
	\$55,791	Manager V(b)

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Midpoint	\$52,324	
	\$51,678	Manager III
	\$48,754	Manager II
	\$47,773	Manager I
Minimum	\$44,531	

You identify Manager V(b) as the biggest job: It requires a 4-year degree plus 3 years of increasingly responsible managerial experience; it manages the most visible and politically sensitive program in this group; it has limited communication requirements but may have to make or support occasional presentations to elected officials; most programmatic and resource decisions are made without supervisory approval; and cost or time overruns would result in impaired ability to deliver the desired product to customers without increasing their costs accordingly.

By comparison, your Manager V(a) position requires a 4-year degree plus 1 year of professional experience; is responsible for 2 projects that have ramifications for internal customers; has an internal customer base; and has independent decision-making authority for limited resource allocation. The potential impact of an error on her part is not inconsiderable but, because the customers are internal, recovery from error would be relatively easy.

Your Manager IV position requires a 4-year degree plus 1 year of managerial experience; is responsible for a project that requires management of an interdepartmental, multifunctional work team; must therefore communicate with managers and employees across the City and represent them before elected and appointed officials; makes routine decisions independently and reviews more complex decisions with his supervisor; and errors in his work would be relatively easy to make and difficult to detect.

Continue to assess the positions in this zone against your "biggest" job, the Manager V(b).

You assign a maximum of 5 points for each job factor. For the 3 jobs rated so far, you have:

	<u>Technical knowledge</u>	<u>Strategic significance</u>	<u>Customer communication</u>	<u>Decision- making</u>	<u>Cost of error</u>
MGR V(b)	5	5	3	5	4
MGR V(a)	4	3	2	3	3
MGR IV	4	4	4	4	4

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Your "biggest" manager in this subgroup, Manager V(b), is valued at 22 points. Next is Manager IV, at 20 points, and Manager V(a) at 15 points. On the basis of this ranking, you might slot them as follows:

Maximum	\$60,117	
	\$57,000	Manager V(b)
	\$55,500	Manager IV (but incumbency rated at \$55,791)
	\$53,500	Manager V(a) (but incumbency rated at 60,072)
Midpoint	\$52,324	

When you have completed this, you would continue to assess the other three jobs.

The above was the example. The following is a simple layout that can be used to array and articulate the results of your analysis relevant to the subject position.

The position has been evaluated considering its relative technical knowledge, strategic significance, customer communication base, decision-making authority, and cost of error potential in comparison to the positions listed to the right and found to fit in the relative ranking as indicated by its placement as shown.
 (top, middle, or bottom of the list)

- 1
- 2
- 3
- 4
- 5
- 6

Based on an evaluation of the position, relative to other positions in the pay zone, I find that the following salary placement is warranted.

\$ _____

Option B: Point Factor Method with Market Modifier

The point factor scores for Manager and Strategic Advisor positions can be used, in conjunction with a market modifier, to establish salary placement. This method can also be used as a "sore thumb" review of salary placements made under the other methods described. The point factor method will not work for subsequent placement decisions based on job size, unless the position is re-evaluated using the appropriate point factor system. A word of caution: the point factor systems, and the one used for Strategic Advisor positions in particular, were designed for overall placement of positions into broad bands, and not for precise salary determination. However, this method can be used for salary placements in the event that circumstances require an alternative to the other methods available.

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Market Modifier	
The Market Modifier, which is subject to periodic revision, is the percentage that the weighted average salary of an occupational group's benchmark jobs are of the weighted average salary for all Manager benchmark jobs. The percentage is a guideline for the relative market relationship of occupational groups. The percentages are grouped into bands of 5% width, the midpoints of which serve as the Market Modifiers.	
Occupational Group	Market Modifier
Courts, Legal and Public Safety	85%
Human Services	90%
Parks & Recreation	90%
Property & Facility Management	95%
Purchasing, Contracting and Risk Management	95%
Customer Service, Public Information & Promotion	100%
Finance, Budget & Accounting	100%
General Government	100%
Engineering & Plans Review	105%
Information Technology	105%
Utilities	110%

In simple terms, these market modifiers demonstrate that the market tends to pay Human Services positions at about 90% of what a similarly scored position would be paid in the Finance, Budget and Accounting Occupational Group.

Application:

First, multiply the appropriate Pay Zone Variable (see below) by the Market Modifier. Then, multiply the product of the first operation by the **difference** between the evaluation points and appropriate Minimum Pay Zone Points.

Pay Zone	Pay Zone Minimum Pay	Managers		Strategic Advisors	
		Pay Zone Variable	Minimum Pay Zone Points	Pay Zone Variable	Minimum Pay Zone Points
1	\$44,531	78.3216	200	52.1271	200
2	\$52,624	92.5578	400	61.602	500
3	\$60,717	70.8333	600	106.25	800

Dividing the Pay Zone by the actual (or probable, as in the case for Pay Zone 3) number of points within gave us a per point full time annual point differential. These figures are current and relevant for 1998.

Occupational Group: _____
Occupational Group Market Modifier: _____ Pay Zone Variable: _____
Pay Zone Variable X Market Modifier (90% = .9, 110% = 1.1, etc.): _____ [A]

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Base Salary Placement Considerations Workbook, Page 8

Point Factor Evaluation Score: _____ Minimum Pay Zone Points: _____

Point Factor Evaluation Score MINUS Minimum Pay Zone Points: _____ [B]

MULTIPLY [A] TIMES [B] : _____ [C]

Pay Zone Minimum Pay: \$ _____ [D]

ADD [C] + [D] : \$ _____ *

Point Factor with Market Modifier Justified Salary Placement

* If calculated number exceeds Pay Zone Maximum, insert Pay Zone Maximum instead

Example: A Manager in the Engineering & Plans Review Occupational Group has a Point Factor Evaluation Score of 520, which is in Pay Zone 2. To calculate placement, take the Occupational Group Market Modifier (105%) times the Pay Zone Variable (92.5578), which equals 97.1857. The Point Factor Evaluation Score (520) minus the Minimum Pay Zone Points (400) equals 120. Multiplying 97.1857 by 120 equals 11,662. Added to Pay Zone Minimum Pay (\$52,624), the salary placement justified by this method is \$64,286.

Consideration #3 – Recruiting and Retention

You have arrayed all the positions within a pay zone based on job size, and yet there's a lot of pressure for salary increases in the information technology management arena. You've lost valued staff to other employers or departments, and you are having a difficult time recruiting qualified replacements. Is a base salary adjustment appropriate?

Many departments will have to improve their record-keeping techniques in order to help substantiate the need for salary changes to alleviate recruiting and retention problems. Employees leave the City for a variety of reasons, many of which have nothing to do with salary—or salary is a peripheral reason, at best, for their decision to work elsewhere. Candidates turn jobs down for a variety of reasons; it's easy to conclude that if you were able to offer more money, your top candidate would jump at the chance to work for you—but maybe she has decided she really can't tolerate working in the public sector at any price. Candidates also accept jobs for a variety of reasons, and it may not be necessary to offer more money to a qualified candidate who has been seeking employment in the Seattle area for months.

Exit interviews will not only help you determine whether you are losing employees because of salary reasons, they could help you identify to whom you are losing them. It would be important for Personnel to know whether the market for a particular job category needs to be redefined when conducting the biennial salary survey.

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If qualified candidates are rejecting your job offers, you should find out precisely why and, what it would take to get them to accept.

You need not wait for a valued employee to bring you a documented job offer from another employer to adjust his or her salary. We assume you have a general idea of what is going on in the labor markets that affect your workforce, and you may decide to make a proactive adjustment to head off turnover.

Addressing Retention Issues:

If an initial or check in a box is warranted, please attach an explanation.

\$ _____ What would it cost to replace this employee with an equally qualified individual?

Would the loss of this employee represent the loss of a critical, hard-to-replace skill?

\$ _____ How much parity do I have to give if this employee has an outside offer?¹

Would anything I gain by increasing this incumbent's salary to retain him or her be offset by losses incurred by having to increase other employees' salaries to maintain internal alignment (if necessary to do so)?

Addressing Recruiting Issues:

If an initial or check in a box is warranted, please attach an explanation.

Is this position difficult to recruit for?

What is my top candidate's current salary?

Can I hire my second or third choice at a lower salary, provide some training, and come out equal or ahead?

Should I offer a salary that is higher than I paid my previous incumbent?

Why?: _____

¹ For example, if the employee has been offered a better paying job in Olympia, but would have to commute because of family or other reasons, perhaps you wouldn't need to match the Olympia salary exactly to entice him or her to stay.

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What could I offer my top candidate in lieu of a higher salary that might entice him or her to accept this job?²

Recruitment retention considerations support salary placement at \$ _____

Consideration #4 – Market Equity

The market may be a factor in adjusting base pay when you are experiencing recruiting and/or retention problems (see Consideration #3), when Personnel has adjusted the parameters of the pay zones as a result of their analysis of salary survey data, or when something happens in the relevant labor market that may have an impact on your workforce (e.g., Boeing closes its western Washington operations). Should I adjust base pay because of something that happens in the labor markets in which I compete for managers?

Market equity adjustments address shifts in employer needs and the availability of necessary skills and qualifications in the applicant pool. The pressure for a market equity adjustment may be short-term—something that will be eased by the availability of engineering managers out of the UW's next graduating class; or it may be more permanent—like the UW closes its engineering school altogether. You may be able to address a short-term change with an increase now, and freeze the salary later. When you've identified a permanent change, it might be more appropriate to request that Class/Comp analyze market data to determine whether the position in question is still appropriately aligned with its original benchmark.

<input type="checkbox"/>	I am experiencing recruiting and/or retention problems for employees within the subject position's occupational group. If an initial or check in this box is warranted, please attach an explanation.
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Market equity could become an issue if something happens that might conceivably affect your ability to retain or recruit persons with specific qualifications, or that has

² For example: training opportunities, telecommuting, flexible work schedule, or office with a view.

MANAGER AND STRATEGIC ADVISOR PROGRAMS

Base Salary Placement Considerations Workbook, Page 11

some other real or potential impact on your subordinate staff. For example, the "Year 2000" issue has resulted in high demand, and high salaries, for people with the skills to manage and perform systems redesign or replacement work. You may find it's appropriate to increase base pay for persons in these types of positions in recognition of the fact that their employment options have suddenly mushroomed. After December 1999, it's possible that the market will be saturated with people with these same kinds of qualifications, and freezing your subordinates' salaries would be an appropriate response.

- I expect the pressure for making market equity adjustment in this field to be short-term
- to be long-term.

If an initial or check in one of these boxes is warranted, please attach an explanation.

The relevant labor markets for the City's managers and strategic advisors were defined by the steering committee that designed these pay programs. If you believe that the market that was defined for your positions is incorrect, you should provide evidence of that to the Personnel Director, who can analyze the markets and make any necessary adjustments. For example, the market for most manager and strategic advisor positions has been defined as regional public sector employers. If you have documented evidence that you are losing employees to and hiring employees from private sector law firms, that may change the definition of market used for your jobs.

- I wish to have the Personnel Director re-evaluate the definition of the market in which we compete for our management level employees.

Please describe new market pressures as you see them:

In order to remain competitive within the market from which I recruit employees for positions at this level, within this occupation, a pay level of ● is warranted.

\$

MANAGER AND STRATEGIC ADVISOR PROGRAMS
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Consideration #5 – Internal Alignment

The City has been setting pay for classifications based on internal equity issues forever. As a result, employees may naturally expect that they will continue to earn the same base salary as employees in other classifications that historically have been paid the same. The new programs, however, emphasize a market link over internal alignment. Is it ever appropriate for me to realign base pay as a result of internal equity issues?

In order to determine whether an employee's base salary should be adjusted to establish or re-establish parity with another employee, consider the following and initial or check the box as appropriate. An attached explanation may be warranted.

<input type="checkbox"/>	There is a valid reason for the historical relationship that has existed between this position and _____
<input type="checkbox"/>	It is still valid in light of the new emphasis on external (market) equity.
<input type="checkbox"/>	I am making a conscious decision to value this function more than the market warrants for the following reasons. Why: _____ _____ _____
<input type="checkbox"/>	I understand that if I respond favorably to one argument for realignment for the sake of internal equity, I may be opening the door to a realignment of all other positions in the pay zone based on their previous alignment.
	With full consideration of the issues listed above, I believe that a pay level of _____ will be necessary to maintain internal equity within my organization. \$ _____

Consideration #6—Learning Curve.

Recognition of mastery of the learning curve is important to most employees, but it's also important that you separate payment for learning curve mastery from performance pay. Learning curve recognizes what duties and responsibilities the employee is able to take on; performance pay recognizes how he or she handles those duties and responsibilities. Under what conditions do I pay for learning curve?

MANAGER AND STRATEGIC ADVISOR PROGRAMS

Base Salary Placement Considerations Workbook, Page 13

The City's standard salary structure assumes that it takes the average employee 3.5 years to master the learning curve (minimum to maximum step in a five-step range). In some cases, based on past experience and your evaluation of the level of qualifications of the typical new hire and those needed to perform a job at the fully functional standard, it may continue to be appropriate to bring new employees in at a specified percentage below what you intend to pay for the fully functional professional and grant "service-based" increases at regular intervals to reflect mastery of the job.

Identify the employee's ability to contribute to the organization as follows:

- Learning stage
Employees are essentially apprentices at their given responsibilities and depend heavily on others for guidance.
- Applying stage
Employees begin working collegially with others, structuring their own work and solving problems independently.
- Guiding stage
Employees have the expertise and experience to coach others.
- Shaping stage
Employees exercise power and influence on behalf of the organization and help steer its strategic direction.

Based on the contribution level of the position's incumbent,

I believe that a pay level of \$ _____
is warranted.

The above amount is _____ %
below the shaping stage, the projected maximum contribution level for the position.

It should be noted that significant changes in a manager's or strategic advisor's aggregation of valued skills may indicate a revisit of Consideration 2, Job Size; Consideration 3, Recruitment and Retention; and/or Consideration 4, Market Equity.

Once you have identified the level at which the employee is working, you may arrange to increase salary by a certain percentage at the point at which he or she has successfully demonstrated mastery at the next level, regardless of the interval of time required to master the next level. Or, alternatively, you may agree to authorize smaller pay increments upon reaching certain milestones within each level.



City of Seattle

Norman B. Rice, Mayor
Executive Services Department
Dwight D. Dively, Director

October 1, 1997

TO: Dwight Dively, Executive Services Director
Judy Bunnell, Acting OMP Director
Marilyn Sherron, Employment Section Director

FROM: Sarah Welch, Personnel Director *[Handwritten signature]*

SUBJECT: Legislation To Adopt New Classification and Compensation Programs

Attached for your review are seven council bills related to the proposed APEX, Manager and Strategic Advisor Programs. They are:

- A council bill adding a new SMC Section 4.20.380, adopting the Accountability Pay for Executives (APEX) Program;
- A council bill allocating positions to the APEX Program effective January 1, 1998;
- A council bill adding a new SMC Section 4.20.400, adopting the Manager Compensation Program;
- A council bill allocating positions to the Manager Classification System effective January 1, 1998;
- A council bill adding a new SMC Section 4.20.420, adopting the Strategic Advisor Compensation Program;
- A council bill allocating positions to the Strategic Advisor Classification System effective January 1, 1998;
- A council bill amending certain sections of SMC Chapter 4.20 to provide for step placement and step progression rules for participants in the APEX, Manager, and Strategic Advisor Compensation Programs, and expanding the definition of "eligible employee" at section 4.20.320 to include participants in these programs.

We hope that this legislation will be voted on at the October 28 meeting of the Tech and Labor Policy Committee. I am well aware that you and/or your staff have reviewed and commented on earlier versions of most of these council bills, and that

Personnel Division, Dexter Horton Building, 710 Second Avenue, 12th Floor, Seattle, WA 98104-1793

Tel. (206) 684-7664, TDD: (206) 684-7888, FAX: (206) 684-4157, <http://www.ci.seattle.wa.us>

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Dwight Dively, ESD Director
Judy Bunnell, Acting OMP Director
Marilyn Sherron, Employment Section Director
October 1, 1997
Legislation To Adopt New Programs
Page Two

you have done so efficiently and quickly to meet deadlines that ended up being extended, and extended again! I very much appreciate that you continue to be willing to provide that kind of customer service, and I sincerely believe that the current deadline for this legislation is the last one we will have to meet! Please call Kathy Steinmeyer at 4-7921 if you have any questions.

SW/kss
Attachments



City of Seattle

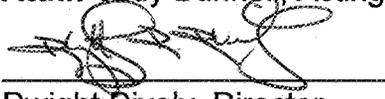
Norman B. Rice, Mayor
Executive Services Department
Dwight D. Dively, Director

September 29, 1997

TO: The Honorable Jan Drago, President
Seattle City Council

Via: The Honorable Norm B. Rice, Mayor
Attn.: Judy Bunnell, Acting OMP Director

FROM:


Dwight Dively, Director
Executive Services Department


Sarah Welch, Personnel Director

SUBJECT: Proposed Legislation To Adopt a Manager Compensation Program

The attached council bill proposes an amendment to Seattle Municipal Code Chapter 4.20, adopting a new compensation program for employees classified as Managers. The council bill provides for the establishment of a Manager Compensation Program at SMC 4.20.400, with a base salary structure consisting of one band with three market-based sub-bands; and annual performance recognition lump sum payments of up to 8% of base pay.

Attached to the council bill is a design proposal that describes the program in detail. Also included in the legislative jacket, for your information, are draft revisions to Personnel Rules Chapter 2 (Classification) and Chapter 3 (Compensation) reflecting changes made in support of this program, copies of guidelines for base salary determinations and performance pay decisions, and an evaluation tool.

Your favorable consideration of this council bill is appreciated. Please direct questions to Lidia Santiesteban, Classification/Compensation Director, 6-9081.

SW/ks
Attachments

C: The Honorable Tina Podlodowski, Chair
Technology and Labor Policy Committee
Mary Denzel, Legislative Central Staff
Civil Service Commissioners

Personnel Division, Dexter Horton Building, 710 Second Avenue, 12th Floor, Seattle, WA 98104-1793
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INFORMATIONAL ENCLOSURES:

PERSONNEL RULES CHAPTER 2—CLASSIFICATION

PERSONNEL RULES CHAPTER 3—COMPENSATION

BASE SALARY GUIDELINES

EVALUATION TOOL



City of Seattle

97-284

Approved by
Marky + [Signature]
10/20/97

Norman B. Rice, Mayor

Executive Department - Office of Management and Planning
Judy Bunnell, Director

October 17, 1997

The Honorable Mark Sidran
City Attorney
City of Seattle

Dear Mr. Sidran:

The Mayor is proposing to the City Council that the enclosed legislation be adopted.

REQUESTING
DEPARTMENT: Executive Services Department

SUBJECT: AN ORDINANCE adding a new Section 4.20.400 to the Seattle
Municipal Code, to adopt a Manager Compensation Program.

Pursuant to the City Council's S.O.P. 100-014, the Executive Department is forwarding this request for legislation to your office for review and drafting.

After reviewing this request and any necessary redrafting of the enclosed legislation, return the legislation to OMP. Any specific questions regarding the legislation can be directed to Glenn Whitham at 684-8036.

Sincerely,

Norman B. Rice
Mayor

by

JUDY BUNNELL
Director

h:\admin\legis\lawltrs\whitha26

Enclosure

Seattle Municipal Building, 600 Fourth Avenue, Seattle, WA 98104-1826
Tel: (206) 684-8080, TDD (206) 684-8118, FAX: (206) 233-0085

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STATE OF WASHINGTON - KING COUNTY

86918
City of Seattle, City Clerk

—ss.

No. ORD IN FULL

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:ORD 118783

was published on

11/19/97

The amount of the fee charged for the foregoing publication is the sum of \$ _____, which amount has been paid in full.

R. Peterson

Subscribed and sworn to before me on

11/19/97

[Signature]

Notary Public for the State of Washington,
residing in Seattle

