



City of Goodyear

Compensation Study

Council Presentation

March 21, 2022

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| Agenda

About Segal

City Objectives

Methodology

Project Findings

Recommendations

Question and Answer

About Segal

- Segal is a national consultancy offering services and advice related to **compensation, benefits, and human resources**.
 - Founded in 1939
 - Independent, privately-held
 - 24 office locations with approximately 1,000 employees
- Our consulting team has a **strong background** in conducting research and providing customized recommendations and advice regarding:
 - Market benchmarking
 - Pay system design
 - Classification structure analysis
 - Job evaluation (internal equity)
 - Performance management
 - Cost modeling
 - Employee communication
 - Union-management facilitation
- We have served as trusted advisors for many public sector entities, **including many throughout Arizona**.

City of Goodyear's Objectives

Objectives of the City's project are to ensure that:

1. The City can recruit and retain high performing talent
2. The Total Rewards Philosophy informs employees about the comprehensive benefits of working for the City, **including a review of the philosophy**
3. Internal systems are effective in maintaining the City's Human Resources compensation system
4. City pay ranges are market competitive



The primary goal of this project, therefore, is to ensure that the compensation system is:

- Accurate
- Equitable
- Market Sensitive

Total Compensation Philosophy

Role of Compensation and Benefits

Our compensation offerings are employee focused and designed to attract and retain superior talent of all types. In order to do this our philosophy is to:

- **Attract** strong performing employees
- **Motivate** high levels of service
- **Compete** in a limited labor pool
- **Alignment** with common goals and objectives
- **Sustainable** to ensure fiscal affordability

Total Compensation Philosophy *continued*

External/Internal Equity

The City of Goodyear values a balance of internal and external equity. We value our team members and want to be fair in compensating individual employees while also maintaining equitable compensation practices.

Comparison Markets

We strive to regularly benchmark our pay ranges and benefits to the market to ensure we can attract and retain superior talent and achieve our desired pay positioning.

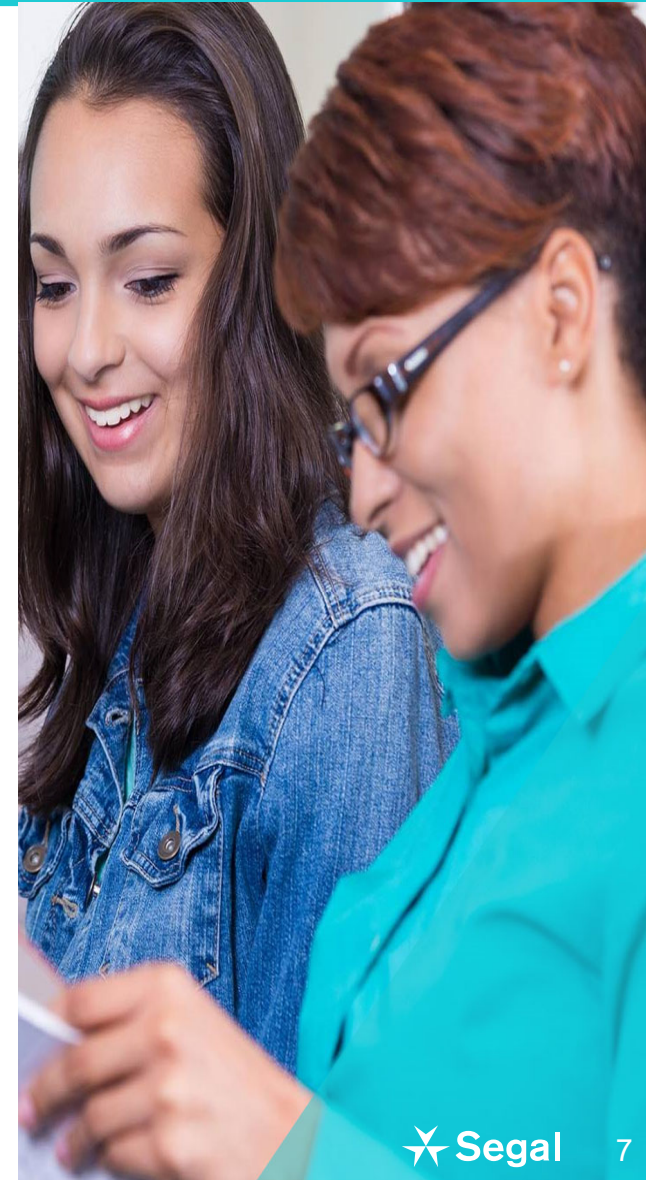
- **Municipalities:** *We use custom surveys distributed to our agreed upon peers within Maricopa County.*
- We target a competitive pay positioning at the overall market average.

Beyond Pay Market Factors

- Individual pay positioning varies based on experience, skillsets, performance, talent availability, and leadership potential.
- We provide quality benefits that differentiate us from our competition.

Market Review

- Benchmark Jobs
 - 111 job titles were market priced
 - Represented jobs across the City, both across departments and hierarchically
- Peer employer selection
 - Identification of 11 comparable peers within Maricopa County (see next slide)
 - As a reference point general industry data was collected as well
- The survey included:
 - Benchmark job base pay ranges (minimum and maximum annual pay rates)
 - Pay practices (i.e., pay schedule adjustments, differentials, etc.)
 - Benefits (i.e., paid time off, defined contribution rates, retirement programs, etc.)



Peer Employers

- City of Avondale
- City of Buckeye
- City of Chandler
- City of Glendale
- Town of Gilbert
- City of Mesa
- City of Peoria
- City of Phoenix
- City of Scottsdale
- City of Surprise
- City of Tempe



There are 11 agreed upon peers within Maricopa County

Overall Project Findings

City of Goodyear as a % of Market Average

	Base Pay Range		
	Minimum	Midpoint	Maximum
Overall	97%	98%	98%
Exempt Structure	98%	98%	98%
Non-Exempt Structure	96%	98%	100%
Fire Structure MOU	99%	98%	97%
Police Structure MOU	97%	97%	97%



Overall, Goodyear is slightly lagging the market average as of December 1st.

Overall Project Findings *continued*

Overall Base Pay Competitiveness by Peer			
Peer Organization	Count of Matches	Peer Average Midpoint as a percent of City of Goodyear Average Midpoint	Peer Market Position Compared to Goodyear
City of Tempe	84	107%	Peers with Higher Average Midpoints
City of Avondale	89	106%	
City of Scottsdale	92	105%	
City of Mesa	98	104%	
City of Chandler	92	103%	
Town of Gilbert	101	103%	
City of Surprise	89	103%	
City of Goodyear			Peer with Comparable Average Midpoints
City of Glendale	86	100%	
City of Buckeye	80	99%	Peers with Lower Average Midpoints
City of Peoria	93	99%	
City of Phoenix	98	99%	
The peer comparison is calculated using the average of all peer match data divided by the average of all City of Goodyear benchmark data for which the peer had a matching title.			



At Market Range Midpoint and Maximum.

- Recent conversations with peers revealed that structure adjustments from 2.5% to 5% are under consideration and should be monitored.

Pay Practice Surveyed

Market Competitive Pay Practices

- Employee Pay Progression
- Pay Schedule Adjustments
- Pay Adjustments
- Starting Salary Practices
- Bilingual Pay
- Stand-by Pay
- Call-back Pay
- Referral Bonus
- Relocation Allowance
- Retention Bonus
- Sign-on Bonus
- Tuition Assistance
- Wellness Program
- Type of Paid Leave Program
- Vacation/PTO Carryover
- Sick Leave Carryover
- Vacation/PTO Cash Out
- Sick Leave Cash Out
- Defined Contribution Plan
- Deferred Compensation Plan

Overall Findings

Opportunities for Improvement

- Pay Structures
 - Overall are at slightly behind market at 98%
- Tuition Assistance
 - Goodyear's tuition assistance is 9% below the market average
- Sick leave cash out could be restructured to be more competitive

Recommendations

➤ Salary Structure

- Adjust salary structure to ensure market competitiveness and continue monitoring for periodic updates as needed. Goodyear may lag the market after July 1 when peer cities are implementing pay structure adjustments.
- Adjust jobs that are below market to ensure market competitiveness while taking into account internal equity

➤ Pay practices:

- Increase tuition assistance from \$4,500 to market average of \$5,000
- Consider modifications to sick leave cash out



Questions

