

## Memorandum

To: AFSCME Employee  
From: Salary Survey Committee- See Below  
Date: June 22, 2014  
Subject: Salary Plan

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This memorandum is to introduce the organization to the process that was used to develop the salary plan that is being proposed by the committee made up of Doug Russell, Terry Mitton, Susie Turner, Brady Pelc, Mike Nicholson, Josh Brinton, Chad Wambach, and Scott Lyders. The goal of this committee was to establish a salary plan that reflected an appropriate market rate for each position and offers a fiscally responsible approach to compensate employees from the minimum to the maximum of the respective pay range. Additionally, this plan has to be able to be easily defended in the organization and to the public. Our intent is that should anyone review the process and the information compiled, they would be led to the same conclusions. While the survey plan itself is being recommended based upon the process, any implementation for the organization will be dependent upon the outcome of the collective bargaining process.

### **Step 1- Define the market from which data is collected**

The committee collected and reviewed information from 10 comparison cities. 5 of these cities had populations above the population of Kalispell, and 5 had populations below the City of Kalispell.

All information used in this process has been made available for review for those that feel they can document that the process did not produce the appropriate outcome for their respective position.

### **Step 2- Identifying Minimums, Maximums, and Midpoints for the respective positions**

The next step in the process was to review positions with the City of Kalispell and identify minimum and maximum values for each of the 10 comparison cities for our positions. In some cases, there were easily comparable positions. In other cases, we had to place a value within the municipality's organization structure and pay range to estimate where that position would be if it existed in that municipality. We tried to place a value for every municipality so that the data was not artificially skewed low or high, but represented a true basis for comparison across the municipalities. We then averaged the minimums, maximums, and midpoints for each position.

### Example demonstrating Steps 1 and 2

Position of comparison	grade	minimum	maximum	
<b>Kalspell</b>	<b>Streets Operator</b>		<b>33800</b>	<b>38542</b> <b>44782</b>
Billings	Equip Operator	161	31429	42099
Missoula	Class II Operators		42869	42869
Great Falls	Maintenance Worker I- Street		36157	39574
Bozeman	Streets Operator	49	32795	40123
Helena	Streets operator III (I and II) don't exist	139	41080	49920
Havre	Eqt, Operators	3	37980	43326
Miles City	Laborer		35214	37014
Belgrade	PW Laborer		33508	36094
Livingston	Maintenance II Public Works		32800	43712
Laurel	Main. Worker I3		46051	48571
<b>Average</b>			<b>36988.3</b>	<b>42330</b>
			<b>Midpoint</b>	<b>39659.25</b>

### Step 3- Establishing the grade

- 3.a To establish a master grade list we started at grade 10 being equal to a beginning midpoint of a \$31,883. We then multiplied each successive grade by 2.5%.
- 3.b To place a respective position into an appropriate salary grade, we placed the midpoint that was derived for that respective position through the salary survey in between the two grades that were directly below and above it. For example, if the new midpoint from the survey was \$39,659 we placed it between grade 18- \$38,847 and grade 19- \$39,818. We then rounded the new survey midpoint to the closest range. Thus, in this example the new midpoint for this position was closest to grade 19-\$39,818, and it was placed in that grade.

New Survey Midpoint	Midpoint of Grade Below (18)	Midpoint of Grade Above (19)	Difference Midpoint and Grade Below	Difference Midpoint and Grade Above	Closest Grade Midpoint	NEW Grade
39659	38847	39818	812	159	39818	19

- 3.c. To develop the 20 step pay range for each grade, we started at the midpoint (Step 10) and multiplied each successive step by 1.013%.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
\$35,394	\$35,861	\$36,333	\$36,811	\$37,296	\$37,787	\$38,285	\$38,789	\$39,300	\$39,818	\$40,336	\$40,860	\$41,391	\$41,929	\$42,474	\$43,027	\$43,586	\$44,152	\$44,726	\$45,308

#### **Step 4. Placing employees on the new matrix and future movement**

To effectively place employees onto the new matrix, their current base salary (including longevity and certifications) was compared to the steps in their respective pay grade. More than likely, the current base salary falls between two steps on the matrix. In the proposed contract, the first year, beginning July 1, 2014, the implementation would put the employee at the next highest step on the matrix, provided they are not already at the highest step.

Also, for July 1, 2014, there would be an approximate 2.2% base adjustment to the entire matrix (every step would increase by 2.2%).

In successive years, the idea is that there would be a step increase for those not at the highest step on the matrix, and a base adjustment to the matrix (these are subject to the collective bargaining process).

#### **Step 5- Concerns expressed during negotiations**

During the negotiation process over the last year, we have discussed numerous concerns and sought ways to address them with the new pay matrix and contract. Below, are some of the prominent concerns, and ways that they are addressed in the proposed contract:

- 1) The current system does not provide an equitable increase in compensation increases across the AFSCME unit.

This concern is what started the process of developing a new pay system. This provides two compensation components a) annual step increase, up to 20 steps, and b) an annual base adjustment that will be applied across the new pay matrix (both pending collective bargaining outcomes)

- 2) Will previous certification pay go away?

Certification pay that has been previously acquired has been accounted for in the employees' base pay amount as employees are placed on the matrix.



**Step 6- Present to the organization**

With the significant change in the structure of the pay matrix, the committee felt that informational meetings would aid in the presentation of the information, which has brought us to this point.

We felt it was good to get the market data into the organization early in the process for review, and now present how the information has been incorporated into a proposed agreement that is anticipated to be presented for adoption.

To reiterate, the committee conducting this effort attempted to engage in an objective process that could be defended to anyone choosing to review the data. With that in mind, please review all information carefully and consider the common goals shared throughout the organization.

Respectfully,



Brady Pelc



Mike Nicholson



Josh Brinton



Chad Wambach



Scott Lyders



Doug Russell



Susie Turner



Terry Mitton