

Classification and Benefits Study for the City of Key West, Florida

FINAL REPORT



Evergreen Solutions, LLC

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Chapter 1 - Introduction

1.1 INTRODUCTION

Evergreen Solutions, LLC was previously retained by the City of Key West, FL (City) to conduct a Compensation Study of every position in the organization. The compensation study resulted in the City implementing a new compensation structure that was designed to address external equity. External equity relates to the differences between how an organization's classifications are valued and the compensation available in the marketplace for the same skills, capabilities, and duties.

After carrying out a comprehensive Compensation Study for the City, the Evergreen Solutions team was contracted to perform a Classification and Benefits evaluation. Including a classification component helps to address internal equity by resolving any inconsistencies related to job requirements, and provides clarity to the plan in place. More specifically, by reviewing the skills, capabilities, and duties of each position, it can be determined whether similar positions are being classified and compensated appropriately within the organization.

Tasks associated with the study included:

- Performing a benefits comparison study to the City's peers in order to establish the overall competitiveness of the City's benefits package.
- Conducting a classification analysis utilizing the Job Assessment Tool (JAT) point factoring methodology to assess internal equity and the efficiency of the current classification plan;
- Developing and submitting draft and final reports that summarize findings and recommendations; and
- Updating classification descriptions in light of reclassifications and employee responses to the JAT.

1.2 STUDY METHODOLOGY

Evergreen Solutions combines qualitative with quantitative data analysis to produce recommendations that emphasize the fairness and competitiveness of an organization's existing structure and practices. Project activities included:

- Conducting a project kick-off meeting;
- Presenting orientation sessions to employees;



- Facilitating focus group sessions with City employees;
- Conducting an external market benefits survey;
- Performing classification analysis based on employee JAT feedback;
- Developing detailed implementation plans; and
- Creating draft and final reports.

Kickoff Meeting

The kickoff meeting provided an opportunity to discuss the history of the City, finalize the work plan, and start the data collection process. Data collection involved gathering relevant background material, including existing pay plans, organization charts, policies, procedures, training materials, job descriptions, and other pertinent material.

Employee Outreach

During the orientation sessions, Evergreen associates briefed City employees on the purpose and major processes of the study. This approach addresses any questions that employees may have had in an effort to resolve misconceptions about the study and related tasks. In addition, employees are asked about their experience with the organization and asked to identify any concerns regarding the classification structure and current benefits package. This information provides some basic perceptual background, as well as a starting point for the research process.

In addition, employees participated in focus group sessions designed to gather input from their varied perspectives as to the strengths and weaknesses of the current system. Feedback received from employees in this context was helpful in highlighting aspects of the organization which needed particular attention.

Job Assessment Tool (JAT) Classification Analysis

Employees were asked to complete individual JAT surveys, where they shared information pertaining to their work in their own words. Members of the PBA and IAFF unions did not participate in the JAT process. These JATs were analyzed and compared to the current classification descriptions, and classes were individually scored based on employee responses to five compensable factor questions. Each of the compensable factors—Leadership, Working Conditions, Complexity, Decision Making, and Relationships—were given weighted values based on employee responses which ultimately resulted in a point factor score for each classification. Each compensable factor has 8 possible choices which combine to form a total range of weighted JAT scores between 125 and 1,000 points. The rank order of classes by JAT scores is used to develop a rank order of classes within the proposed compensation structure. Combined with market data gathered in the previous study, this information forms the foundation of the recommendations. The nature of each compensable factor is described below:

- Leadership – Leadership relates to the employee’s individual leadership role, be it as a direct report of others who have leadership responsibilities, or as an executive who has leadership over entire departments or the City as a whole.



- Working Conditions – Working Conditions deals with the employee’s physical working conditions and the employee’s impact on those conditions, as well as the working conditions impact or potential impact on the employee.
- Complexity – Complexity describes the nature of work performed and includes options ranging from entry-level manual or clerical tasks up to advanced scientific, legal, or executive management duties.
- Decision Making – Decision Making deals with the individual decision making authority of the employees. Are decisions made on behalf of the employee or is the employee making autonomous decisions that impact the individual, other employees, or even the entire organization and its citizens?
- Relationships – Relationships deals with organizational structure and the nature of the employee’s working relationships. Responses range from employees who work primarily alone, those who work as members of a team, those who oversee teams, and even those who report to elected officials or the general public.

Benefits Survey

A benefits study was conducted to determine the market competitiveness of the City’s overall benefits package. A survey tool was created to solicit benefits information from identified peer organizations. In order to maintain continuity, the organizations selected for this study mirrored those solicited for compensation information in the previous study. When results were received from the various peer organizations, the data was analyzed and compared to the City’s existing benefits.

Classification Description Revision

Based on employee feedback and supervisor comments on the JAT, classification descriptions are updated to better reflect actual work performed and revisions to the class structure.

Recommendations

Based on the insights and information gained throughout the study, Evergreen designed a set of recommendations to address the internal equity of the current classification structure, the administration of this system moving forward, and the competitiveness of the benefits package. A comprehensive list of Evergreen’s recommendations, how they may be implemented, and the costs of these implementation options are located in **Chapter 4** of this report.



1.3 REPORT ORGANIZATION

This report includes the following additional chapters:

- Chapter 2 – Summary of Employee Outreach
- Chapter 3 – Benefits Summary
- Chapter 4 – Recommendations



Chapter 2 - Summary of Employee Outreach

In September 2014, Evergreen conducted focus groups with the employees of the City. The purpose of these focus groups was to obtain employee feedback regarding the strengths and weaknesses of the City's current compensation, classification, and benefits systems. The goal of this chapter is to identify and summarize sentiments expressed across all focus groups.

A total of seven focus groups were conducted with employees and all questions were asked across each group. The following are the topics discussed within each group:

- 2.1 City employment summary
- 2.2 The City's classification system
- 2.3 The City's compensation system
- 2.4 Benefits
- 2.5 Competition
- 2.6 Recruitment and Retention
- 2.7 Performance Evaluation
- 2.8 Goals for the study

2.1 CITY EMPLOYMENT SUMMARY

Employees were asked questions concerning why they came to work for the City, why they have stayed, and what they feel is working well within the City currently. The following is a summary of their responses:

- Almost all employees cited job stability, the benefits package, and the location of the City as some of the primary reasons they came to work for the organization.
- Employees cited a love for the work they performed, their co-workers, the challenging environment, retirement benefits, and rewarding nature of public service as the reasons they have remained with the City.

Overall, employees generally were pleased with their current positions in the City and found the work rewarding; however, most employees also expressed that the increasing cost of living and lack of wage increases over the past several years has had a significant impact on employee morale, often overshadowing these benefits of working for the City.



2.2 THE CITY'S CLASSIFICATION SYSTEM

The City's employees were asked questions concerning the City's classification system and aspects of the current system that they were pleased with, as well as aspects they felt needed improvement. The following is a summary of employee response:

- Multiple groups of employees cited several specific job classifications they feel are too broad and would like to see reclassified into more specialized positions.
- Some expressed a strong desire to see their job descriptions reviewed and updated to better reflect current work performed.
- Many employees expressed concern with the exemption status of their overtime pay, primarily with exempt employees wanting to be eligible for overtime.

While some groups of employees had specific concerns, the majority of employees did not identify issues of internal equity.

2.3 THE CITY'S COMPENSATION SYSTEM

Employees were additionally asked about their concerns towards the City's current compensation system. Below are opinions expressed across the focus groups:

- Nearly all employees were primarily concerned about compensation relative to the external market and stressed concern over the cost-of-living in the City.
- While some employees groups felt the gap between employee and supervisor pay was too large, others felt the difference in pay did not incentivize employees to seek promotion.
- Several employees felt compensation for acting title work was not commensurate with the responsibilities of the position.
- Roughly half of employees expressed a desire for education and certification compensation.

2.4 BENEFITS

Employees were asked about the positive and negative aspects of the City's current benefits package, as well as areas where employees would like to see improvement. Below are the general sentiments expressed through the focus groups:

- The majority of employees expressed strong concern with rising costs of health care premiums offered by the City's benefits plan.



- A few employees expressed interest in a single type of paid-time-off system, rather than having separate vacation and sick leave.
- Some employees perceive an inequity in leave policy between different departments within the City, and cited a desire for a uniformly applied policy across all departments.
- A few employees expressed an interest in a wellness program.
- Nearly all employee groups expressed an interest in an affordable housing plan for City employees.
- Employees expressed a strong interest in an increased educational benefits program.

2.5 COMPETITION

Employees were prompted to list the organizations they feel represent the greatest competition to the City for both its current and potential employees. The following are the identified organizations:

- Keys Energy
- Florida Keys Aqueduct Authority
- Monroe County
- Florida Keys Community College
- City of St. Augustine
- Florida Keys Mosquito Control District
- City of Naples
- City of Miami Beach
- Monroe County Sheriff's Department
- Monroe County School District
- City of Ft. Lauderdale
- City of Key Colony Beach
- City of Cape Coral

2.6 RECRUITMENT AND RETENTION

The focus groups were questioned on the areas, departments, and jobs in which the City is having difficulties with recruitment of qualified candidates and retention of employees. The employees responded with the following:

- Departments that were cited as having non-position specific issues with recruitment included Public Works, Information Technology, Police, and Fire.



- Specific classifications cited by employees that are currently experiencing difficulty in recruitment include Building Inspectors, Permit Technicians, Certified Mechanics, Bus Drivers, Maintenance Technicians, Certified Trades Workers, and Records Clerk.
- Specific classifications cited by employees that are currently experiencing difficulty in retention include Police and Fire Dispatchers, Maintenance Workers, and Tree Trimmers.

2.7 PERFORMANCE EVALUATION

The focus group participants were presented with questions concerning the City's performance evaluation process and asked to identify the aspects of the system they enjoy and those that need adjustment. The responses were as follows:

- Roughly a third of employees were unfamiliar with the performance evaluation system recently implemented within the City.
- A goal the majority of employees sought of the new performance evaluation system was an increase in pay for positive evaluations, with a potential merit based pay structure; however, a small number of employees preferred performance reviews not be tied to compensation.
- Several employees cited a strong desire to implement a career ladder for the City's positions that detailed potential career progression for each job family.

2.8 GOALS FOR THE STUDY

Finally, employees were asked to address the top three issues that should be addressed in the study. Employees stated the following:

- Almost all employees stated their primary concern was the competitiveness of the City's compensation rates to other organizations.
- Most groups expressed a strong hope that job descriptions would be updated and re-classifications performed.
- The majority of employees conveyed a desire for the City to change its benefits package to address concerns of rising health care premiums and employee leave policies.

Overall, the City's employees expressed a number of concerns with the City's current compensation, classification, and benefits systems; with particular emphasis on the City's competitive position to the market. The feedback received from employee outreach will be used in conjunction with the remaining portions of this study in order to produce recommendations for the City.



Chapter 3 – Benefits Summary

Evergreen conducted a benefits survey of market peers in order to compare the City's current benefits plan against that of its peers. The information provided within this section is a result of the current policies both at the City and at each peer organization, which are subject to change. Additionally, it should be understood that benefits plans have a number of intricacies that are not represented in this chapter and cannot be directly compared among organizations.

BENEFITS SURVEY RESULTS

The analysis found within the benefits survey results should be considered an overview of the benefit packages offered by peer organizations relative to the City, and not an itemized direct comparison. Benefits can be weighted differently from organization to organization, and the negotiation and acquisition of benefits are generally done through third parties, further making direct comparisons difficult.

The benefits survey was comprised of six main sections:

- 3.1 Response demographics
- 3.2 Health Insurance
- 3.3 Supplemental Insurance
- 3.4 Retirement benefits
- 3.5 Employee Leave & Holliday benefits
- 3.6 Supplemental Benefits
- 3.7 Performance Evaluation

3.1 RESPONSE DEMOGRAPHICS

In order to establish an average or range of policies against which to benchmark the City's package, 16 peer organizations were contacted to collect benefits information. Of the 16, 10 provided responses to one or more sections listed within the survey. **Exhibit 3A** lists the all peer organizations and their response status.



**EXHIBIT 3A
BENEFITS SURVEY RESPONSE**

Organization	Responded
City of Fort Lauderdale, FL	Yes
City of Marco Island, FL	Yes
Collier County, FL	Yes
Miami-Dade Community College	Yes
Miami-Dade County, FL	Yes
Monroe County	Yes
Palm Beach County, FL	Yes
City of Marathon, FL	Yes
Monroe County School Board	Yes
Village of Islamorada, FL	Yes
Broward County, FL	No
City of Homestead, FL	No
First State Bank Of The Florida Keys	No
Florida Keys Community College	No
Keys Energy	No
Southernmost Hotel Collection	No

The data in the remainder of the chapter reflects the average response compared to the City's current benefits policies. **Exhibit 3B** details the employee demographics of the respondent organizations:

**EXHIBIT 3B
AVERAGE ORGANIZATION DEMOGRAPHICS**

Organization	Number of FTE	Number of PTE	Benefits as % of Total Comp	Number of Health Plans Offered
City of Key West	430	38	41%	1
Market Peers	808	49	27%	1.8

The majority of the respondent peers were larger entities, possessing considerably more employees. The City's benefits package comprises a considerably larger portion of total compensation (41.0 percent) versus that of the average market peer (27.0 percent); however, it is important to note that most peers offered two types of health care plans, whereas the City only provides one.

3.2 HEALTH INSURANCE

In this section of the chapter, the City's healthcare plan is compared to the various types of plans offered by peer organizations. It is important to keep in mind that different types of benefits plans have varying qualities of coverage and allow employees varying degrees of freedom with regards to what doctors they can visit. Given the differences between types of health plans, a direct comparison of premium costs to the employer and employee alone should not be considered a definitive assessment of the relative value of one health care plan to another.

As mentioned previously, the City currently offers only one healthcare plan, an open access Point of Service plan. This type of plan is considered a hybrid between an HMO and a PPO plan, by providing employees the ability to see doctors within a designated network at reduced costs, or the ability to see any doctor out of network at a higher cost to the employee. The details of the City's POS costs are listed in **Exhibit 3C**, along with the cost details of other peer offered healthcare plans.

**EXHIBIT 3C
AVERAGE HEALTHCARE PLAN DETAILS**

	Market Peers			City of Key West
	PPO Details	HMO Details	POS Details	Open Access POS*
What percentage of an individual employee's (employee only) premium is paid by the employee?	14%	16%	8%	6%
What dollar amount (monthly) is paid by the employee for individual (employee only) coverage?	\$99.80	\$120.42	\$77.50	\$54.16
What percentage is paid by the employee for employee plus one dependent?	36%	28%	18%	Spouse - 33.3% Child - 21.1%
What dollar amount (monthly) is paid by the employee for employee plus one dependent?	\$459.26	\$288.27	\$306.96	Spouse - \$812.20 Child - \$629.11
What percentage is paid by the employee for employee plus family?	35%	34%	20%	51%
What dollar amount (monthly) is paid by the employee for employee plus family?	\$558.40	\$412.44	\$502.36	\$1,421.22
What is the deductible for employee only?	\$818.18	\$1,000.00	\$500.00 (OON only)	\$500.00 (OON only)
What is the deductible for employee plus one?	\$1,471.43	\$2,000.00	\$500.00 per person (OON only)	\$500.00 per person (OON only)
What is the deductible for employee plus family?	\$1,650.00	\$3,000.00	\$500.00 per person (OON Only)	\$1500.00 (OON only)

Two respondent peers also offer POS plans, making this the natural first point of comparison. Both the City and its peers contribute a similar percentage of the total premium cost, 94.0 percent and 92.0 percent respectively; however, the City's employees are only required to pay \$54.16 in monthly out-of-pocket costs for the premium, while the average cost of the peer organizations is \$77.50 per month. Where the City and the market peers differ is in the contribution towards dependent and family plans. Market peer employers pay an average of 82.0 percent of the premium, leaving employees with an out-of-pocket cost of \$306.96 monthly; whereas the City covers 66.6 percent of employee-plus-spouse coverage

and 78.9 percent of employee-plus-child coverage, resulting in out-of-pocket costs of \$812.20 and \$629.11 respectively. The City's employees' out-of-pocket costs for the City for dependent and family premiums are more than double what employees in peer organizations incur. The employees do not have deductibles if they receive services in-network; however, out-of-network deductibles are \$500.00 for employee-only coverage, and \$1,500.00 for family coverage. Market peers had the same individual coverage deductibles, but had a \$500.00 per person deductible per person for out-of-network services.

Peer organizations also offered two other types of plans that the City did not: HMO (Health Maintenance Organization) and PPO (Preferred Provider Organization).

Peers offering PPO plans averaged an 86.0 percent contribution towards the total cost of employee-only coverage premium, resulting in out-of-pocket costs of \$99.80 to the employee. Peers covered an average of 64.0 percent of the total employee-plus-dependent premium, with employees contributing \$459.26 in out-of-pocket costs towards the premium. Finally, employers covered an average of 65 percent of the family premium, leaving employees with \$558.40 in costs towards the premium. Deductibles for PPO plans averaged \$818.18 for employee-only, \$1,471.43 for employee-plus dependent and \$1650.00 for employee-plus-family coverage.

Organizations offering an HMO averaged employer contributions of 84.0 percent, 72.0 percent, and 66.00 percent of the total premium for employee-only, employee-plus-dependent, and employee-plus-family coverage respectively. The out-of-pocket costs for employees for each of these plans were \$120.42, \$288.27, and \$412.44 monthly. The deductible for employee-only coverage was \$1,000.00, while employee-plus-dependent coverage was \$2,000.00, and employee-plus family coverage was \$3,000.00.

3.3 SUPPLEMENTAL INSURANCE

In this section of the survey, market peers were asked if they provided the following insurance coverage and supplemental benefits: Dental, Vision, and Short and Long-term Disability Insurance. These supplemental insurances, the results of which are shown in **Exhibits 3D, 3E, 3F, and 3G** respectively, are increasingly common to find in today's benefits packages, as they offer additional means of attracting employees who are looking for a compensation package comprised of more diverse benefits.



**EXHIBIT 3D
AVERAGE DENTAL INSURANCE**

Dental Insurance Details	Market Peers	City of Key West
Is dental insurance offered?	All ten peers provide dental insurance	Yes
What percentage is paid by the employer?	Four peers provided employer paid insurance, averaging 63% payment of the premium	100%
Monthly cost to employer for individual coverage?	\$9.88	\$32.62
Monthly cost to employee for individual coverage?	\$9.55	\$0.00
Monthly cost to employer for family coverage?	\$27.27	\$91.27
Monthly cost to employee for family coverage?	\$61.21	\$58.65

Both the City and all respondent peers offered dental insurance to their employees; however, only the City and one peer cover 100.00 percent of employee-only premium costs. Four respondent peers contributed towards the cost of the dental insurance premium. The out-of-pocket costs to the employee for employee-plus-family at the City totaled \$58.65 per month, which is in line with the average of peers organizations (\$61.21); however, the City contributes a significantly higher dollar figure (\$91.27) on a monthly basis per employee than that of peer organizations (\$27.27). Overall, while the employees of the City pay no out-of-pocket costs for employee-only dental insurance and similar costs to employees at peer organizations for family coverage, the total premium for both individual and family coverage at the City are higher than that of market peers.

**EXHIBIT 3E
AVERAGE VISION INSURANCE**

Vision Insurance Details	Market Peers	City of Key West
Is vision insurance offered?	Eight peers offer vision insurance.	Yes
What percentage is paid by the employer?	Two peers contribute an average of 95%.	100%
Monthly cost to employee for individual coverage?	\$3.58	\$0.00
Monthly cost to employee for family coverage?	\$13.77	\$14.47



The City and eight peers provide vision insurance to their employees; however, only two peers contribute to these plans, averaging a 95.0 percent contribution, while the City covers 100.0% of the employee-only premium. City employees pay \$14.47 out-of-pocket for employee-plus-family coverage, which is slightly above that of peer organizations where out-of-pocket costs are \$13.77 for employee-plus-family coverage.

**EXHIBIT 3F
AVERAGE SHORT-TERM DISABILITY INSURANCE**

Short-Term Disability Details	Market Peers	City of Key West
Is short-term disability insurance offered?	70% of peers offer short-term disability insurance	Yes
What percentage is paid by the employer?	Two peers contribute to the premium, averaging 70% contribution towards premium.	100%, included in Life Program
Monthly cost to employer for individual coverage?	The cost varies by the level of employee salary	Included in Life Plan
Monthly cost to employee for individual coverage?	\$26.65	N/A
What percentage of salary does the employee receive?	56%	Depends on disability

**EXHIBIT 3G
AVERAGE LONG-TERM DISABILITY INSURANCE**

Long-Term Disability Details	Market Peers	City of Key West
Is long-term disability insurance offered?	70% of peers offer long-term disability insurance	Yes
What percentage is paid by the employer?	Two peers contribute to the premium, averaging 70% contribution towards premium.	100%, included in Life Program
Monthly cost to employer for individual coverage?	The cost varies by the level of employee salary	Included in Life Plan
Monthly cost to employee for individual coverage?	One peer reported a cost of \$20.63, while all others stated that this varied with employee salaries	N/A
What percentage of salary does the employee receive?	57%	Depends on disability



Both short-term and long-term disability insurance are offered by the City and five of seven market peers. The City covers 100.0 percent of the premium, as they are covered within the City's Life Plan. Peer organizations reported that costs to the employee generally varied on the salary of the employee. While the peer average plan provided 56.0 percent and 57.0 percent of an employee's salary in the event of a disability for short-term and long-term coverage, respectively, the City's plan varies with the individual's disability.

3.4 RETIREMENT BENEFITS

This section aims to compare the City's retirement plan to that of peer organizations. **Exhibit 3H** contains the details of the City's plan.

While five market peers currently use the Florida Retirement System (FRS), the City uses a different retirement plan for its employees. As such, the City only requires an employee be 60 years of age and have 10 years of service to retire normally, whereas the FRS requires an employee be 62 years old or have 30 years of service. Early retirement in the FRS is defined as an employee vested and under the age of 62. To qualify for the City's early retirement, an employee must be 55 years old with 10 or more years of service, or 60 years old with five to 10 years of service; however, while the FRS provides a cost-of-living-adjustment to its retirement funds, the City's plan does not. The average number of years to fully vest in the FRS was eight, while the City's plan requires 10 years of service to fully vest. Required contribution to the City's plan is 6.0 percent, whereas the FRS is 3.0 percent. The FRS peers will match roughly 7.0 percent, while the City's match is calculated as a percent of the payroll budget. For general employees, 9.0 percent of total payroll is used to determine the City's match, while for public safety employees this is 30.0 percent. The City uses a multiplier of 3.0 percent, which is used to calculate out what percentage of the employees final salary is received in retirement, for fire and police employees, and a multiplier of 2.5 percent for general employees. The City also has a partial vesting multiplier of 1.25 percent, which employees gain at five years of service.



**EXHIBIT 3H
AVERAGE RETIREMENT PLANS**

Retirement Details	Market Peers	City of Key West
Does your organization participate in a State Retirement System?	Five of seven peers stated they participate in the Florida Retirement System.	No
Definition of normal retirement	FRS peers responded defined normal retirement as age 62 or 30 years of service.	60 with 10 years of service.
Definition of early retirement	FRS peers responded as vested and under the age of 62.	55 with 10 years of service or 60 with years of service between 5 and 10 years.
Years required to fully vest	The average number of years to fully vest was 8 years.	10 years
COLA offered to retiree pension	All peers participating in the FRS have a 3.0% COLA.	No
Employee's percentage contribution required	All peers participating in the FRS require a 3.0% contribution from employees.	6%
Employer's percentage matched	7.09%	General Employees - 9% of total payroll. Public Safety - 30% of total payroll.
Does the retirement plan offer a disability provision?	Three peers stated they possess this provision.	Yes
Additional retirement options:		
D.R.O.P	Two peers stated they offer D.R.O.P., while a third peer only offers to Fire employees.	Yes
401k, 401a, 403(b), or 457	Four peers offer these additional retirement options.	Yes, 457.
Does your organization contribute to any of these additional retirement options?	Three of these four peers contribute to these other retirement plans.	No



3.5 EMPLOYEE LEAVE & HOLIDAY BENEFITS

Market peers were also surveyed concerning their employee leave and holiday benefit policies, the results of which are shown in **Exhibit 3I**.

**EXHIBIT 3I
AVERAGE EMPLOYEE LEAVE OFFERERED**

Employee Leave Policies	Market Peers	City of Key West
Sick Leave		
Is sick leave offered?	Four of five respondents stated they provide sick leave.	Yes
What is the minimum monthly accrual rate (in hours)?	Peers averaged a 5.8hrs/month minimum accrual rate	7.8 hrs/month
What is the maximum monthly accrual rate (in hours)?	Peers averaged a 7.8hrs/month maximum accrual rate	7.8 hrs/month
What is the maximum number of accrued hours that can be "rolled over" to the following year?	Responses varied from 100% roll over to buy back of unused sick time to unused time being lost	No Limit
Personal Leave		
Is personal leave offered?	two peers offered personal leave for employees	No
What is the minimum monthly accrual rate (in hours)?	1.46 hours per month	N/A
What is the maximum monthly accrual rate (in hours)?	12 hours per month	N/A
Vacation/Annual Leave		
Is vacation/annual leave offered?	All peers offered vacation/annual leave to their employees.	Yes
What is the minimum monthly accrual rate (in hours)?	Peers averaged a 7.3hrs/month minimum accrual rate.	6.16
What is the maximum monthly accrual rate (in hours)?	Peers averaged a 12.0 hrs/month minimum accrual rate.	12.3
How many years of service are needed to achieve the maximum accrual rate?	The average number of years to reach maximum accrual was 12 years.	10
What is the maximum number of accrued hours that can be "rolled over" to the following year?	348	160



The City currently uses a combination of annual vacation and sick time, which all respondent peers also use. No respondent peer uses a single type of paid-time-off (PTO) system. While the City does not provide any personal leave, only one respondent peer provides this type of leave.

With regard to sick leave, the City has only one accrual rate (7.8 hours per month), whereas peers averaged a minimum accrual rate of 5.8 hours per month and a maximum accrual rate of 7.8 hours per month. Additionally, the City does not limit the number of hours of sick leave an employee can accrue, but does limit the compensation upon separation to a maximum of 720 hours, while only three respondents stated they provide compensation for unused sick leave. The average sick leave pay out of those three peer is 446 hours; however, some peers require a minimum years of service with the organization to be eligible for this policy.

With respect to annual leave, the City has a minimum accrual rate of 6.1 hours, whereas the average of peers is 7.3 hours per month. Similarly, the maximum accrual rate at the City is 12.3 hours and the peer average maximum accrual rate was 12.0 hours per month; however, the City requires 10 years of service before achieving its maximum accrual rate, while peer organizations required an average of 12 years of service.

Peers were also surveyed for the list of paid Holidays they provide their employees; the results are shown in **Exhibit 3J**. Each Holiday is listed along with the percentage of peers that offered each Holiday compared to the list of paid Holidays at the City.

**EXHIBIT 3J
AVERAGE HOLIDAYS OFFERED**

Holidays Offered	Market Peers	City of Key West
New Year's Day	100%	Yes
Martin Luther King, Jr. Day	100%	Yes
President's Day/Washington's Birthday	89%	Yes
Memorial Day	100%	Yes
Independence Day	100%	Yes
Labor Day	100%	Yes
Veteran's Day	100%	Yes
Thanksgiving	100%	Yes
Day after Thanksgiving	100%	Yes
Christmas Eve	44%	Yes
Christmas Day	100%	Yes
Day after Christmas	11%	No
New Year's Eve	11%	No
Employee's Birthday	0%	No
Other	Three peers provide an additional two Holidays per year.	Columbus Day, Good Friday, and one floating Holiday.
Total number of Holidays	11	14



The City provides a total of 14 holidays, three more than the average of peers. There are only two holidays offered by one peer that the City does not provide, which are the day after Christmas and New Year's Eve. The list of holidays that all organizations, including the City, provide are:

- New Year's Day
- Martin Luther King, Jr. Day
- Memorial Day
- Independence Day
- Labor Day
- Veteran's Day
- Day after Thanksgiving

3.6 SUPPLEMENTAL BENEFITS

Also included within the benefits survey was a section on supplemental pay policies. The answers from market peers can be found in **Exhibit 3K**, as can the corresponding policies at the City.

- **Night shift** - Two market peers currently offer a pay differential for employees working night shifts. The City also provides this supplemental pay, at a rate of an additional 3.0 percent.
- **Longevity Pay** - Three peers provide longevity pay for employees. The City also possesses a longevity pay policy; however, this is only for the fire and police employee groups. Police employees with 10-15 years of service receive \$1,500.00, and those with 16 plus years of service receive \$2,500.00. Fire employees with 21-25 years of service receive \$1,750.00, and those with 26 plus years receive \$2,250.00.
- **Certification Pay** - Five peers responded that they provide supplemental pay for employees achieving certifications. The City also has a certification pay policy that allows employees to earn up to \$6,000.00 per year.
- **Pay for Performance** - Three market peers reported that they currently use a pay for performance policy.



**EXHIBIT 3K
SUPPLEMENTAL PAY POLICIES**

Supplemental Pay Details	Market Peers	City of Key West
Night Shift Differential	Three of four peers stated they do provide a pay differential for night shifts.	Yes, 3% differential.
Longevity Pay (i.e., Bonuses tied to years of service)	One peer provides longevity pay in the form of a one-time bonus at intervals of five years.	Yes, Police and Fire employees only.
Certification Pay (i.e., Pay increases for achieving certifications about minimum requirements)	All peers provide certification pay for their employees.	Yes, up to \$6,000 per year.
Pay for Performance	Two peers utilize a pay for performance policy.	No
Are employees compensated if they are not "called in"?	Three of four peers stated they do.	No
Do they receive an hourly rate?	These three peers all provide hourly rates for time worked.	N/A
What is your Organization's policy for compensating employees who are "called in"?	All three respondents stated pay was normal rate unless overtime was applicable.	Minimum of three hours paid to employee.
Are employees at your Organization paid at an overtime rate (regardless of hours worked) during a declared emergency?	All four peers responded yes, and that all employee groups were eligible.	All employees eligible except Directors, Deputy Directors, Captains, and the City Manager.

3.7 PERFORMANCE EVALUATION

Lastly, peers were surveyed on the details of the performance evaluation system, if they used one at all. The responses of peers are listed in **Exhibit 3L**.



EXHIBIT 3L PERFORMANCE EVALUATION

Performance Evaluation Details	Market Peers	City of Key West
Does your organization have a performance evaluation system in place?	Five peers stated they have a system in place.	Yes
How often are evaluations performed	Four peers stated annually, while the fifth stated annually for all employees groups with additional reviews for bargaining units.	Annually.
Who completes the evaluation?	Three peers stated the direct supervisor, while one peer has the employee themselves, the direct supervisor, and the department head.	Direct Supervisor.
Is employee pay connected to performance evaluations?	Three peers stated yes.	No

Three of the four peer organizations who provided information for this portion of the survey stated they have performance evaluation systems in place, as does the City. While the City and two respondent peers use a system of annual reviews, one peer performs more frequent reviews of its bargaining unit employees. Additionally, all respondents stated they have direct supervisors perform the review, with one peer also having department heads and the employees themselves contribute to the review. Only two peers stated that pay was tied to the performance evaluations, while the City does not compensate based on reviews either.

SUMMARY

Overall, while the City's package may result in higher out-of-pocket costs to employees for health coverage, the overall package is competitive with the average of its peers.

- The City currently offers only one healthcare plan that is cheaper to employees for employee-only coverage, but with considerably higher out-of-pocket costs for dependent and family coverage to the employee.
- The City's supplemental insurance coverages exceed that of all of its peers in that they contribute 100.0 percent of the premium for employee-only dental and vision insurance.
- The City's leave policy is similar to the market peers, and while its accrual rates of annual leave may be near the market average, employees achieve higher rates with



less years of service. Additionally, the City offers a number of additional holidays not offered by market peers and provides a greater overall total.

- The City offers some supplemental pay policies that peer organizations also offer, such as a night shift differential, longevity, and certification pay. The City does not currently have a pay for performance policy in place, however.

The City's overall benefits package stacks up favorably to the average peer in a number of areas, however, the City does present limited options to the employee in terms of healthcare coverage options at this time. The insights gained in this chapter are used in conjunction with City Project Management feedback to arrive at recommendations that facilitate the City occupying its desired market position.



Chapter 4 - Recommendations

The purpose of this chapter is to provide final assessments towards the City's classification structure and benefits plan, and to provide recommendations that will enable the City to improve internal equity and ensure that it maintains a competitive benefits package.

The sections included within this chapter are as follows:

- 4.1 Classification analysis and recommendations
- 4.2 Benefits analysis and recommendations
- 4.3 An address of the City's administration of its classification structure
- 4.4 Summary

4.1 CLASSIFICATION ANALYSIS AND RECOMMENDATIONS

As discussed previously, Evergreen's prior compensation study for the City sought to align the City's pay plans with the market place in order to increase the external equity of each plan. The market data collected for the previous study was used in conjunction with the information gathered from employees through the JAT and MIT process, which allowed Evergreen to assess the current state of internal equity and make necessary corrections.

A regression analysis was performed based on the results of the JAT scores as well as the market data collected from the previous study, allowing Evergreen to establish a job hierarchy of all of the City's classifications. This new job hierarchy was used to make necessary adjustments to classification pay grade assignments, with the aim of maximizing internal equity. Additional information taken into consideration when adjusting a classifications pay grade included the existing relationships between positions, both within each department and across the organization as a whole. The resulting pay grade assignment of each classification is listed in **Appendix I**.

Implementation Options

The following implementation option should be considered an update to the recommendations Evergreen proposed in the previous compensation study. Due to the fact that some classifications' salary ranges were changed to address internal equity, it is necessary to place employees into their new proposed salary ranges. Evergreen has provided an implementation option that is aligned to the City's compensation philosophy, as well as the City's previously implemented recommendations. The option, as well as the cost associated with implementation, is detailed below:



Bring to Minimum: For employee's who received a pay grade adjustment as a result of the classification analysis, a bring to minimum is necessary to ensure all employee salaries fall within their proposed ranges. In order to achieve this, any employee who is in a position that received a salary range increase receives an adjustment upward to their proposed salary range minimum. If their current salary exceeds the proposed minimum, no adjustment is made. For employees in a position that received a salary range decrease, no adjustment is made to their current salary. The bring to minimum adjustment has an estimated total cost of **\$74,640.34**, affecting 54 employees, for an average cost of \$1,382.23 per employee.

Classification Analysis

In addition to addressing internal equity, classification analysis aimed to identify any positions that were improperly classified or titled relative to the current work performed. The positions that were identified for reclassification are listed in **Exhibit 4A** with the original job title, as well as the proposed title. Evergreen primarily sought to consolidate positions which were assigned levels but did not have counterparts, as well as seeking to standardize titles of positions that performed highly similar types of work across various departments.

EXHIBIT 4A PROPOSED RECLASSIFICATIONS

Current Title	Proposed Title
ACCOUNTING CLERK III	ACCOUNTING CLERK
ADMINISTRATIVE SPECIALIST CS	ADMINISTRATIVE ASSISTANT II
ADMINISTRATIVE SPECIALIST FIR	ADMINISTRATIVE ASSISTANT II
COMMUNITY SERVICE AIDE I	COMMUNITY SERVICE AIDE
EQUIPMENT OPERATOR/RIGHT OF WAY	EQUIPMENT OPERATOR
EXECUTIVE ADM ASSISTANT-POLICE	EXECUTIVE ASSISTANT I
EXECUTIVE ASSISTANT II - CA	EXECUTIVE ASSISTANT II
EXECUTIVE ASSISTANT II - COMM	EXECUTIVE ASSISTANT II
HR ADMINISTRATOR II	HR ADMINISTRATOR
HUMAN RESOURCE ASSISTANT I	HUMAN RESOURCES ASSISTANT
LEGAL ASSISTANT II	LEGAL ASSISTANT
MAIL COURIER I	MAIL COURIER
MAINTENANCE/JANITOR II	JANITOR II
NETWORK ADMINISTRATOR II	NETWORK ADMINISTRATOR
PLANNER II	PLANNER
PORT JANITOR I	JANITOR I
PORT JANITOR II	JANITOR II
SENIOR CONSTRUCTION MANAGER	CONSTRUCTION MANAGER
SENIOR GRANTS ADMINISTRATOR	GRANTS ADMINISTRATOR
SENIOR PLANNER II	SENIOR PLANNER
SENIOR PROPERTY MANAGER	PROPERTY MANAGER
SUPERVISOR CUSTOMER SERVICE	PARKING SERVICES COORDINATOR



4.2 BENEFITS ANALYSIS AND RECOMMENDATIONS

As discussed in **Chapter 3**, the City's overall benefits package compares favorably with that of its market peers, and in some specific instances, exceeds the offerings of its peers.

FINDING: While the City's overall package compares well to its market peers, the City could benefit from a more diverse set of health insurance options.

RECOMMENDATION 1: Evergreen recommends that the City explores adding a second health care plan in order to increase the variety offered to employees.

While the City's current POS plan has a level of flexibility built into it, allowing employees to seek services in network at reduced costs or allowing them to see outside physicians of their own choice, the plan itself is structured as a high premium low deductible plan. In order to increase the City's appeals to a wider array of employees, both current and prospective, the City should explore adding a second health plan that consists of low premium costs, particularly with regard to dependent and family coverage.

4.3 CLASSIFICATION ADMINISTRATION

FINDING: The duties performed in a particular position can change overtime, causing job descriptions and titles to become outdated.

RECOMMENDATION 2: Revise and update job descriptions annually.

As it is rapidly growing, the City's positions have a particular potential for change over time with regards to the work performed. As such, updating and revising job descriptions and job titles to reflect the new work performed is necessary. Additionally, it is important the City maintains an equitable and transparent process for employees to request reclassifications or updates to job descriptions to reflect changing work overtime.

4.3 SUMMARY

While the City of Key West faced particularly tough economic difficulties in recent years, the dedication the City has shown to ensure employees are fairly compensated is admirable. Evergreen's recommendations are designed to aid the City in this effort, and to ensure that the City remains a desirable and equitable work place for quality employees.



Classification	Current Grade	Proposed Grade	Proposed Range		
			Min	Mid	Max
JANITOR I	01T	02T	\$25,272.13	\$34,117.38	\$42,962.63
PORT JANITOR I	01T	02T	\$25,272.13	\$34,117.38	\$42,962.63
SECURITY CUSTODIAN (POOL)	01T	02T	\$25,272.13	\$34,117.38	\$42,962.63
MAINTENANCE WORKER I	02T	03T	\$26,030.30	\$35,140.90	\$44,251.51
MAINTENANCE WORKER II	04T	05T	\$27,615.54	\$37,280.98	\$46,946.42
LEAD MAINTENANCE WORKER	04T	06T	\$28,444.01	\$38,399.41	\$48,354.81
CONCRETE TECHNICIAN I	06T	07T	\$29,297.33	\$39,551.39	\$49,805.46
COLLECTION/CUSTOMER SERV REP	07T	09T	\$31,081.54	\$41,960.07	\$52,838.61
COORDINATOR II	08T	13T	\$34,982.54	\$47,226.43	\$59,470.32
PERMIT TECHNICIAN	08T	13T	\$34,982.54	\$47,226.43	\$59,470.32
CUSTOMER SERVICE SPECIALIST	09T	12T	\$33,963.63	\$45,850.91	\$57,738.18
EXECUTIVE ASSISTANT II	09N	15N	\$37,112.98	\$50,102.52	\$63,092.07
COORDINATOR III	11T	16T	\$38,226.37	\$51,605.60	\$64,984.83
COMMUNITY SERVICE AIDE I	12T	10T	\$32,013.98	\$43,218.88	\$54,423.77
HARC ASSISTANT	12T	14T	\$36,032.02	\$48,643.22	\$61,254.43
DEPUTY CITY CLERK	12T	16T	\$38,226.37	\$51,605.60	\$64,984.83
EXECUTIVE ASSISTANT III	12N	17N	\$39,373.16	\$53,153.77	\$66,934.37
FOREMAN	13T	15T	\$37,112.98	\$50,102.52	\$63,092.07
CERTIFIED MECHANIC (ASE)	14T	17T	\$39,373.16	\$53,153.77	\$66,934.37
ADMINISTRATIVE SPECIALIST CS	15T	09T	\$31,081.54	\$41,960.07	\$52,838.61
ADMINISTRATIVE SPECIALIST FIR	15T	09T	\$31,081.54	\$41,960.07	\$52,838.61
CODE COMPLIANCE INSPECTOR	15T	16T	\$38,226.37	\$51,605.60	\$64,984.83
FOREMAN II	15T	17T	\$39,373.16	\$53,153.77	\$66,934.37
EXEC ADMINISTRATOR TO ACM	15N	18N	\$40,554.36	\$54,748.38	\$68,942.40
PARKING ENFORCEMENT SUPERVISOR	15T	18T	\$40,554.36	\$54,748.38	\$68,942.40
PORT OPERATIONS COORDINATOR	15N	20N	\$43,024.12	\$58,082.56	\$73,141.00
EXEC ADMINISTRATOR TO CITY MGR	16N	18N	\$40,554.36	\$54,748.38	\$68,942.40
FEMA COORDINATOR	29N	23N	\$47,013.61	\$63,468.38	\$79,923.14
ACCOUNTING COORDINATOR	17T	16T	\$38,226.37	\$51,605.60	\$64,984.83
FMIT WELDER/FABRICATOR	18T	19T	\$41,770.99	\$56,390.83	\$71,010.68
FACILITIES MAINTENANCE SUPERVISOR	19N	20N	\$43,024.12	\$58,082.56	\$73,141.00
RISK MANAGEMENT SPECIALIST	19N	20N	\$43,024.12	\$58,082.56	\$73,141.00

Classification	Current Grade	Proposed Grade	Min	Proposed Range Mid	Max
LEAD CERTIFIED MECHANIC (ASE)	20T	19T	\$41,770.99	\$56,390.83	\$71,010.68
TRANSFER STATION SUPERVISOR	20N	21N	\$44,314.84	\$59,825.03	\$75,335.23
BUILDING INSPECTOR I	25T	23T	\$47,013.61	\$63,468.38	\$79,923.14
ELECTRICAL INSPECTOR	25T	23T	\$47,013.61	\$63,468.38	\$79,923.14
HARC/PLUMBING INSPECTOR	25T	23T	\$47,013.61	\$63,468.38	\$79,923.14
WEB SPECIALIST/TECHNICAL ANALYST	26N	23N	\$47,013.61	\$63,468.38	\$79,923.14
SUSTAINABILITY COORDINATOR	26N	27N	\$52,914.24	\$71,434.22	\$89,954.20
HISTORIC PRESERVATION PLANNER	29N	25N	\$49,876.74	\$67,333.60	\$84,790.46
CONTRACT & PERMIT ENGINEER	33N	28N	\$54,501.66	\$73,577.25	\$92,652.83
GIS MANAGER	33N	25N	\$49,876.74	\$67,333.60	\$84,790.46
RISK MANAGER	30N	25N	\$49,876.74	\$67,333.60	\$84,790.46
SENIOR PROJECT MANAGER	30N	31N	\$59,555.44	\$80,399.84	\$101,244.24