

InterCity Transit – Salary Study (non-represented positions) Final Report

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Study Background



Study Background

Background

- InterCity Transit (“Agency”) contracted with Gallagher Benefit Services, Inc. (“Gallagher”) to conduct a compensation review and make recommendations for non-represented positions regarding:
 - Job evaluation system and job grading
 - Decision Band Method® is utilized as the formal job evaluation method to ensure internal equity
 - Overall market competitiveness of compensation
 - Salary structure adjustments
 - Costs associated with recommendations
- The major consideration of the Agency is to establish market comparisons to the current level of compensation paid to all classifications.
- The following items were provided by the Agency to facilitate the study:
 - Organization materials
 - Current job descriptions
 - Current compensation and pay structure information for employees



Study Background

Compensation Objectives

- Compensation levels reflective of the regional market with pay grade midpoints reflective of the 50th percentile of actual salaries within the relevant labor markets.
- Review and update the current pay structure to be reflective of the defined labor market 50th percentile rates of pay for the salary structure.
- Internal alignment, based on existing alignment, remains constant.



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Compensation Review



Survey Methodology

Survey Participants

- Gallagher fielded a survey questionnaire to collect salary data.
- The survey collected data from 9 organizations

| Survey Participants (9) | |
|-------------------------|----------------------------------|
| Ben Franklin Transit | Kitsap Transit |
| City of Lacey | Salem Keizer Transit |
| City of Olympia | Spokane Transit Authority |
| City of Tumwater | Whatcom Transportation Authority |
| C-TRAN | |

Comparator Organization Criteria

- Comparators that were included in the 2017 study
- Employer size and complexity
- Geographic proximity
- Nature of services provided (i.e., Public Administration, Transit Agency)



Survey Methodology

Process

- Gallagher and the Agency followed up with each organization to encourage participation.
- Gallagher reviewed the data collected from participants and followed up directly with participants to clarify and validate missing or questionable information reported.
- Organizations were asked to make a match for only those jobs that reflected at least 80% of the duties as outlined in the benchmark summaries.
- All data are effective January 1, 2022 and reflect annualized salaries.
- Gallagher followed the U.S. Department of Justice and Federal Trade Commission guidelines that state 5 job matches should exist per job in order to conduct statistical analyses or for drawing conclusions.



Survey Methodology

Benchmark Jobs

Market data was collected for 26 benchmark jobs:

| Benchmark Jobs (26) | |
|--|--|
| Administrative Services Assistant | Fixed Route Manager |
| Marketing Communications & Outreach Representative | Information Systems Manager/CIO |
| Accounting Specialist | Planning Manager |
| Inventory Specialist | Chief Safety Officer/Safety and Compliance Manager |
| Operations Trainer | Administrative Services Director |
| Information Systems Technician | Fleet and Facilities Director |
| Operations Supervisor | General Manager/CEO |
| Network Systems Analyst | Development Director |
| Human Resources Analyst | Cybersecurity Manager |
| Vehicle Maintenance Supervisor | Business Intelligence Developer (IS) |
| Finance Supervisor | Fleet Manager |
| Customer Service Manager | Operations Superintendent |
| Facilities Manager | Deputy Director |



Survey Methodology

Benchmark Job Selection Criteria

- Benchmarks that were included in the 2017 study
- Representation from lowest levels in organization to highest levels in the organization
- Representation across all function areas
- High incumbent positions
- Hard to recruit positions
- Positions that are common in the marketplace (so matches can be found)



Survey Methodology

Compiling Market Data

- Applying geographic differentials is a sound compensation practice in an effort to arrive at a more precise figure for use in analyzing and setting pay.
- Data should be adjusted to reflect cost of labor and/or cost of living differences between geographic areas.
- With the understanding of the Agency’s compensation philosophy, and the practice of local hire, cost of living adjustments were made to all collected data.
- Geographic adjustment factors, obtained from the Economic Research Institute, are shown below:

| Geography and Adjustment Factor | |
|----------------------------------|--------|
| City of Lacey | 107.9% |
| City of Olympia | 100.0% |
| City of Tumwater | 104.8% |
| C-TRAN | 106.2% |
| Kitsap Transit | 111.7% |
| Spokane Transit Authority | 108.8% |
| Whatcom Transportation Authority | 104.3% |
| Ben Franklin Transit | 95.6% |
| Salem Keizer Transit | 104.8% |

Example: City of Lacey, WA, has a lower cost of **living** than target location; therefore, data for the City of Lacey was adjusted **upward** by 7.9% to normalize the rates of pay to the City of Olympia, WA.



Summary of Market Comparison

Reviewing Market Data

- Gallagher performed several reviews of the data to identify any extreme data and to ensure validity and reliability of the data.
- Through a statistical analysis, any salary figures that were considered extreme outliers in relation to all other salary figures were excluded.
- Various statistics were calculated (25th, 50th, and 75th) in analyzing the data.
- The following guidelines are used when determining the competitive nature of current compensation:
 - +/-5% = Highly competitive
 - +/-10% = Competitive
 - +/-10-15% = Possible misalignment with market
 - >15% = Significant misalignment with market
- Once the survey analysis and report was completed, it was submitted internally through our firm's quality control process for review before it was submitted to the Agency.



Summary of Market Comparison

Overall Comparisons

- On an overall basis of all jobs combined, the amount that the Agency is above or below the market is shown in the table below:

| Comparison Category | Market Comparison |
|--|-------------------|
| Agency Actual Pay vs. Market Median Actual | -5.5% |
| Agency Range Mid vs. Market Average Mid | -4.2% |

- Comparisons are based on all data collected for each benchmark job and then aggregated to assess the overall competitive nature of the pay system.
 - The competitiveness of the pay system is based on the 50th percentile of actual salaries and average of range mid compared to the Agency's actual pay and range mid.
 - Overall, the Agency is competitive/highly competitive with market target in actual pay and salary range mid.
- Individual comparisons vary.
 - Longevity, performance, special requirements and hiring conditions may explain some differences in actual salary.



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Classification/Grade Review



Summary of Classification Review

Classification Review

- Gallagher worked with the Agency to review all current job descriptions and identified jobs that require grade re-alignment.
- Grades for potential/future levels/positions were proposed as requested.
 - Details of grade re-alignments and new level grading were provided to the Agency separately.
- Re-aligned grades and levels were taken into consideration for new structure implementation cost analysis.



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Recommendations



Salary Structure Adjustment

- Gallagher recommends a 4.24% increase to current step plan.
 - Market actual pay and range mid-point data was utilized to determine the structure adjustment;
 - The adjustment target is to ensure that new range mid-points is at the market target (with Cost of Living adjustment incorporated).
- Gallagher recommends to implement the new structure by moving all non-represented employees to the new range and allocate them to closest higher step in the new system.
 - Employees with current pay lower than new range minimum should be moved to new range minimum;
 - Employees with current pay higher than new range maximum should remain at current rate (pay freeze) until the range maximum catches up in following years with annual/regular structure adjustment.



Salary Structure Implementation

Annualized Implementation Cost Estimate:

| | |
|---|-------------|
| Total EEs | 102 |
| Implementation Cost* | |
| Bringing EEs to Closest Higher Step in New Range Total Cost | \$138,600 |
| Current Total Payroll | \$9,000,826 |
| # of EE to Receive Increase** | 101 |
| % of Total Payroll | 1.54% |

* Detailed implementation option information will be provided to the Agency separately.

** Additional step increases (post July 1st) were not included in the cost estimate.



Ongoing Administration

Administrative Recommendations

- Annual Updates
 - In order to reflect necessary increases in the minimum, job rates and merit maximums appropriate for each job, the salary structure should be reviewed annually. Gallagher can provide the Agency with the average percentage increase for employee salaries and salary structures on an annual basis, or the Agency may update the structure based on the annual market research results.
 - It is recommended that the respective starting rates, job rates and merit maximums be increased by a percentage that reflects the market trends and the Agency's hiring experience. The use of a dollar amount increase would compress the structure over time.
- Long-Term Updates
 - The Agency should re-evaluate its overall structure at regular intervals (e.g., 2 to 3 years depending upon market movements) to ensure that its salary levels are consistent with the marketplace.
 - This would involve conducting a market salary study, such as was conducted here, every 2 to 3 years (depending on the economy) to make sure that the Agency's pay scales and employee salaries remain competitive.

Thank you!

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