

**CITY OF PEORIA, ARIZONA  
STAFF REPORT**

**RPT #:** SS1

**Date Prepared: February 5, 2008      Council Meeting Date: February 19, 2008**

**TO:            Terry Ellis, City Manager**

**FROM:        Susan K. Thorpe, Deputy City Manager**

*SKT*

**SUBJECT: Classification and Compensation Study Recommendations**

On March 6, 2007, the City Council authorized a contract with the Waters Consulting Group, Inc. for a Classification & Compensation Study and a Management Performance-Based Study in an amount not-to-exceed \$137,900. The contract included provisions for the Waters Consulting Group to conduct (1) a classification & compensation study for all professional, supervisory, confidential and management positions (i.e., all unrepresented employees), (2) a benefits survey of our market competitors, and (3) a performance management system (merit system) to replace our current performance appraisal process for these positions.

The most recent study of this magnitude was conducted in April 2000. The City has grown in the number of employees and in the complexity of the duties and responsibilities assigned to employees. It is appropriate that the professional, supervisory, confidential, and management classification plan be reviewed and updated. Such a review helps to ensure that all affected employees are properly assigned to the right job classification. The City has approximately 350 professional, supervisory, and confidential employees, as well as approximately 80 management employees.

With the increasing competition for jobs, it is also incumbent on the City to make sure that our compensation practices are competitive with the local market. This is essential for the City to recruit and retain the best talent available and that internal salary relations are analyzed to ensure proper pay relationships between different jobs in City departments.

During the February 19 Study Session, the Council will hear a presentation from Ms. Ruth Ann Eledge, Project Manager for the Waters Consulting Group, and city staff. The presentation will include an overview of Waters' recommendations regarding the three areas of the study mentioned above. Implementation of the new structure is planned for July 1, 2008, with the beginning of the new fiscal year.

City staff and the Waters Consulting Group have been working diligently and extensively over the past ten months to ensure a thorough review and analysis is conducted. The study recommendations will help us to ensure internal equity, external market competitiveness, and implementation of best practices in our compensation structure and process.