

City of Santa Fe

Frequently Asked Questions

Compensation Study

Q: What is a compensation study?

A: A compensation study is, first and foremost, an investment an organization makes in its employees. The purpose of a compensation study is to ensure equitable internal relationships among positions and to ensure salary ranges are competitive within the identified competitive market.

Q: Why did the City decide to conduct a compensation study?

A: The city, in keeping with its commitment to retaining and recruiting employees necessary to provide high quality services for our community, engaged in another compensation study in July 2023. This study was conducted to evaluate the strengths and weaknesses of the City's current systems, conduct job and pay grade analysis to study internal equity, collect peer salary data to study external equity, and adjust the current compensation and classification plan to better reflect the market. We are thankful for the support the Governing Body has provided to complete the compensation study and begin implementation. A well-rounded and updated compensation plan that is responsive to the market is the framework we use in paying employees in a manner that is fair and competitive. Employees are the most important component of making government work, therefore emphasizing the importance of the work that goes into a compensation study.

Q: What is the history of the City engaging in compensation studies?

A: Engaging in a compensation study is very complex. From 2005 to 2017, the city engaged in three compensation studies, and none were implemented. In December 2018, a study was completed and was implemented in 2019.

Q: Who was contracted to conduct the current study?

A: Evergreen Solutions, LLC.

Q: What is the total compensation for this contract and was their funding allocated to implement results from the study?

A: For fiscal year 2024, the Governing Body approved funding to conduct the study. The total amount of the contract is \$60,000. Although the study was not yet completed during the FY2024 budget approval process, this is a very important investment, and the Governing Body approved the allocation of \$1.2 million dollars for FY2024 to begin the implementation of recommendations from the consultant.

Q: How was employee feedback received regarding the current plan and the study?

A: The study began by conducting information and feedback sessions with employees, supervisors, directors, Governing Body Members, and union leaders. The primary focus of the sessions was to provide participants with the steps that would be taken throughout the course of the study. Participants were provided with the main goals of the study, process, and a project timeline. Evergreen consultants explained how current data would be analyzed throughout the course of the study and how the market survey would be conducted. They also addressed questions and allowed for comments and concerns relative to the current pay plan and what ideas employees had to improve the current pay plan. Overall, the sessions had great participation. There were 14 sessions to meet varying scheduling needs and 212 people attended the sessions.

Q: *What organizations were analyzed to compare to the City of Santa Fe and how were they selected?*

A: During the information and feedback sessions, participants were asked to name organizations they considered both local and regional market peers who they believe have similar characteristics to the city. Responses were Bernalillo County, City of Albuquerque, City of Las Cruces, City of Rio Rancho, Los Alamos Labs, Sandoval County, Santa Fe County, and the State of NM. In addition to the above market peers, Evergreen Solutions, LLC also looked at Austin, TX, Boulder, CO, Flagstaff, AZ, Odessa, TX, Provo, UT, Reno, NV, Salt Lake City, UT, Albuquerque/Bernalillo County Water Utility Authority, and Los Alamos County. All were surveyed except Los Alamos National Laboratories as they opted not to respond to the survey and are not required to respond. A cost-of-living factor was considered in this analysis to account for Santa Fe's cost of living.

Q: *What were the steps during the study?*

A: The compensation analysis consisted of two parts: the external market assessment and an internal equity assessment. During the external market assessment, the City's compensation was compared to average compensation offered in the market in which the city competes for employees. The external assessment consisted of comparing the city against its peer organizations within its market and revealed that the city is currently lagging the market. During the internal equity assessment, considerations of the relationships between and the type of work being performed by the City's employees in their classifications were reviewed and analyzed.

Q: *What recommendations did the consultant make?*

A: In December 2023, the study was concluded, and the report was presented to the Governing Body. The recommendations from Evergreen Solutions, LLC were as follows:

1. Adopt a new, market responsive pay plan.
2. Evergreen also recommended the city adopt a methodology to transition employee salaries into the proposed pay plan that aligns with its established compensation philosophy and compliant with the NM Equal Pay Act. This included the hybrid parity methodology.

Hybrid parity

This methodology consists of placing employees into their proposed pay ranges based on how long employees have been with the organization. The parity effectively divides the pay range by 25, and places employees within their range based on their class time. Additionally, employees are given partial credit for any time they have spent at the city outside of their current classification at half credit. For example, an employee who has been in their classification for five years but had 20 years with the city overall, would be placed at the midpoint of the range, due to their receiving 5 years of class time at straight credit, and the remaining 15 years of experience at half credit, for a total of 12.5 years of credit. If an employee's current salary is more than the hybrid parity recommended salary, no adjustment would be made, and no salaries will be decreased. This methodology seeks to re-align employee salaries based on years in classification, while also giving credit for additional organizational experience, and can space out compressed employee salaries along the range based on this factor.

3. The consultant also recommended updating the pay plan regularly, monitoring turnover, and vacancy rates relative to the market of the classifications, conducting a comprehensive classification and compensation study every three to five years, and evaluating future policies.

Q: How are the recommendations implemented?

A: To adopt a new pay plan for non-union employees, pursuant to the Personnel Rules/Regulations and Policies, 6.12, the pay plan shall be adopted by resolution of the Governing Body. The City Manager approves other pay increases after a budget allocation has been approved by the Governing Body. For all union employees, union leadership must agree to new minimum pay grades prior to any pay increases being implemented.

Q: What is the status of the recommendations?

A: A resolution to adopt a new pay plan was introduced and on March 13, 2024, was approved by the Governing Body. All non-union employees whose current salary is below the new minimum pay will receive a pay increase up to the new minimum salary effective March 16, 2024. Additionally, non-union employees will receive 25% of the hybrid parity salary increases pursuant to the calculation explained above. The decision to implement 25% of the hybrid parity increases was made by city leadership and pursuant to budget allocation approved by the Governing Body. It is common to see organizations implement pay adjustments as a result of a compensation study over the course of a few years due to budgetary impacts. AFSCME employees will not see a pay increase at this time as an amendment to the AFSCME contract has not yet been agreed upon and approved. Fire and Police union employees will receive pay increases effective March 16, 2024, pursuant to their contract amendments approved by the Governing Body on March 13, 2024. No employee will see a pay decrease because of the implementation of the compensation study.

Q: What if I have other questions related to the compensation study?

A: If you have other questions related to the compensation study, please call HR at 505-955-6591.