

Overview

The City of San Diego's workforce is our most valuable resource which propels the organization's success. Each City employee plays a defining role in the timely, efficient, and reliable delivery of public services to San Diegans. The City strives to provide exemplary service to the community by being a world-class City for all. Recognizing the centrality of our workforce of dedicated and talented staff, we are committed to promoting the values of the City's Strategic Plan, which include: integrity in our actions, quality public service, value the public we serve and those we work with, and excellence in our performance. The Compensation Philosophy highlights the City's continuous efforts to promote a healthier work culture, where happy and valued employees feel supported and recognized and are motivated to always achieve excellent customer service. This Compensation Philosophy supports the City's Strategic Plan and aims to attract and retain highly qualified and high-performing employees who consistently exemplify the organization's values. In order to provide competitive, sustainable and responsible compensation, the City will take into account the following Compensation Philosophy.

Compensation Philosophy Summary

The City's total compensation for its employees endeavors to pay at least the market median for comparably situated public employees. The City's goal is to move toward the market median for all classifications that are currently under the market median. This total compensation should reflect the ability to: recruit, retain and engage highly qualified employees capable of delivering a world-class public service to the community; comply with public safety and regulatory requirements; and carry out critical infrastructure needs. This total compensation should also reflect the ability over the long term to keep pace with economic inflation through periodic wage increases based on cost of living adjustments (COLA). Compensation should be data-driven to ensure internal and external pay equity. The Compensation Philosophy should be reviewed periodically to make sure it continues to meet the goals of the City.

Total Compensation

The City considers the complete picture when reviewing compensation. Total compensation consists of, but is not limited to:

- Direct compensation (e.g., wage or salary).
- City-paid contributions to flexible benefits and other related benefits such as health, life and disability insurances, flexible and dependent care spending accounts and employee assistance program.
- City-paid contributions to pension/retirement benefits.
- Leave benefits such as annual (vacation), holiday, discretionary, parental and management leaves.
- Allowances such as automobile, uniform, tool and technology allowances.
- Add-on pays associated with certain classifications such as registration, infrastructure, voluntary certification and incentive pays.

Although not captured in the baseline used for purposes of total compensation, the City further provides retiree health benefits; additional pay practices (e.g., call-back pay, standby pay, and shift differential pay); certification, license and incentive pay (e.g., bilingual pay, certification and

professional license pay, Class A or B driver license pay, education incentive pay, recruiting incentive pay, and tuition reimbursement); specialty pay (e.g., administrative and special assignment pay, confined space entry pay, court pay, out-of-class assignment pay); performance-based pay; and other employee benefits/perks (e.g., transportation alternatives).

The City assesses how its total compensation package compares to the market by conducting targeted total compensation surveys of appropriate comparators.

Market Competitiveness

The goal of the City is to adjust base wages via negotiated general wage increases to keep pace with increases in cost of living, as measured by the Consumer Price Index, San Diego Area, for All Urban Customers (CPI-U) that is published by the Bureau of Labor Statistics.

In addition, in order to maintain a competitive, equitable and sustainable total compensation, the Mayor and City Council may consider additional increases (i.e., equity adjustments) to total compensation for one or more jobs/classifications when any the following conditions exist:

- Total compensation is below the market median based on the most recent Total Compensation Survey conducted by the City.
- The City has experienced significant recruitment and retention problems.
- The City is not meeting public safety and/or regulatory requirements.
- The City is unable to carry out critical infrastructure needs, which negatively impacts operations or reduces the ability to maintain essential service levels.
- At the recommendation of the Civil Service Commission (CSC). Pursuant to San Diego Charter, section 130, the CSC annually reviews the base wage of certain classifications of employees in the Classified Service that merit special wage or salary consideration due to significant recruitment or retention problems, significant changes in duties or responsibilities, or other special factors the CSC deems appropriate. Special wage adjustments recommended by the CSC during this process may be considered by the City Council for purposes of evaluating the need for additional equity adjustments.

The City may consider above market compensation, successful recruiting efforts and low turnover as meeting its goal of maintaining workforce stability.

It should be noted that COLA and equity adjustments are not synonymous.

- Equity adjustments are negotiated with the intent of bringing total compensation for particular jobs/classifications in line with the labor market to meet the market median.
- COLAs are negotiated with the intent of providing across-the-board pay increases to all jobs/classifications to maintain or increase employee buying power and/or ability to maintain their current standard of living in a shifting economy.

Fiscal Responsibility, Long Term Sustainability and Cost Containment

The City carefully considers the following when recommending changes to the total compensation package:

- The Adopted and Proposed budgets.
- Five-Year Financial Outlook.

- Overall organizational issues (e.g., unforeseen economic, regulatory, operational changes and challenges, long-term liabilities, capital improvement and other asset requirements).
- The City's ability and willingness to pay based on Mayoral and Council priorities in the context of competing priorities related to the public interest without sacrificing the quality, level and mix of services or prudent fund reserves.

Labor Market Comparators

Comparators are the City's market competition – the entities with which the City competes for employees. The City selects comparators based upon the following criteria, which are consistent with other cities' practices and published works on economic factors that determine compensation.

1. Similarity of agencies in terms of size, services provided and revenue mix. This generally means:
 - Population served is of a comparable size.
 - Other cities that provide similar services to the public, face similar challenges and seek similarly qualified employees to provide public service.
 - Other cities with comparable funding sources and revenue growth.
2. Geographical location, such as cities within the County of San Diego.
 - In general, the City's main competitors are close by geographically, and are likely to provide comparable compensation with similar cost of living requirements.
3. Largest cities in the state of California.

There should be a minimum of four comparators with matching classifications to the benchmark classification to eliminate bias on the data. If this criterion is not met, the data should be deemed insufficient. The City intends to use the same comparators in its Total Compensation Surveys for historical purposes in order to obtain consistent data and be able to evaluate progress in total compensation rankings.

Survey Methodology – Benchmark Classifications

A representative collection of City jobs called "benchmark" classifications are typically used for the purposes of surveying, comparing and establishing a total compensation package. A whole position job analysis is performed to ensure that the benchmark classifications are compared with like positions demonstrating an approximately 70% match between classifications (i.e., the City's classification compared to the other agency's classification).

In the interest of consistency when surveying wage or salary data, the City uses the top step monthly base wage or salary of the comparison entity.

In addition, the City recommends utilizing the same classifications from year to year when conducting the Total Compensation Surveys for represented and unrepresented/unclassified positions to ensure ongoing evaluation of the benchmark classifications. However, there may be an operational need based on recruitment/retention or other issues internally that would require different classifications to be used as benchmark classifications for purposes of the Total Compensation Survey.