



Career Service Board Meeting #2334
Minutes
Thursday, April 19, 2018, 9:00am
Webb Municipal Building
201 W. Colfax Ave, Fourth Floor, Room 4.G.2

Neil Peck (Co-Chair)
Patti Klinge (Co-Chair)
Karen DuWaldt
Patricia Barela Rivera - Absent
Tracy Winchester - Absent

I. Opening: *Meeting was called to order at 9:03am*

- 1. Approval of the Agenda for the April 19, 2018 Board Meeting.**
The Board unanimously approved the agenda for the April 19, 2018 meeting.
- 2. Approval of the Minutes for the April 5, 2018 and March 15, 2018 Board Meetings.**
The Board deferred approving the minutes for the April 5, 2018 and March 15, 2018 meetings as only two board members who attended the meeting were present.

II. Board Comments: *None.*

III. Public Comments: *None.*

IV. Public Hearing:

- 1. Classification Notice No. 1563 - 2018 Pay Survey Analysis**

Rory McLuster, Deputy Director of the Office of Human Resources (“OHR”), noted OHR is required by ordinance to conduct an annual pay survey to ensure the City’s pay ranges are competitive with market conditions. Ms. McLuster stated Denver Metro’s unemployment rate is approximately 3%, indicating a very tight market, making it that much more important for the City to maintain competitive pay to attract and retain the right talent.

Nicole de Goia-Keane, Director of Classification & Compensation, and Blair Malloy, Senior HR Professional, presented Classification Notice No. 1563 to amend the Classification & Pay Plan by adjusting the pay ranges and grades, as recommended by the 2018 Pay Survey Market Analysis, for certain occupational groups and/or classifications.

Ms. de Goia-Keane noted the Denver Revised Municipal Code further defined the parameters of the survey, including defining the market, pay increase percentages, and the implementation dates. As a result, the pay survey analyzes the City’s current pay ranges for both occupational groups (IT, General Administration), and individual classifications (Director or Administrator).

Compared with 2017, the survey indicates continuing challenges from Denver’s growth and record-low unemployment rate. The City’s growth has resulted in increasing demand for services from the government, placing added pressure of the existing staff. The City’s employee headcount increased by 1.4%, to 10,900 as of April 1st, with 3,316 positions filled in 2017, however, the average monthly rolling vacancy was 1,000 positions.

Ms. de Goa-Keane stated the state and city's unemployment rate remained at historic lows throughout last year, with Denver Metro averaging at 2.9% versus 4.1% nationally, making it very important the City's pay structure remains competitive to the market in order to attract and retain employees.

Blair Malloy stated the process for conducting the annual pay survey began in the fourth quarter of 2017 by compiling data from local and national sources, including the Employers Council, public and private employers, Colorado Municipal League, Mercer Consulting and various specialty surveys for aviation, engineering, and workplace safety. The survey reviewed the City's entire Classification & Pay Plan, matching 40% of classifications across all occupational groups and job families.

Ms. Malloy noted the data analyzed for each benchmark classification compares the city's pay range midpoints to market range midpoints, with national data adjusted to the local market and aged to January 1, 2018. The data is then averaged into one composite rate per benchmark classification.

Ms. Malloy stated the survey results indicated occupational group adjustments, where pay range minimums and maximums are adjusted for market conditions, would total approximately \$551,638 at the full-year run rate, or about \$275,000 effective July 1st. There is no impact to employee pay, except for adjustments for employees who fall below the new range minimum. Pay grade adjustments for classifications where the market data indicates pay has fallen behind by 10%, would total approximately \$2,159,993 effective January 1st. The ordinance provides a 4.55% pay increase for each upward pay grade adjustment.

Ms. Malloy reviewed the pay survey history and economic factors from 2008 through 2018 for the City, noting job market conditions have fully recovered from 2011's peak unemployment rate of 8.7%, a year in which the City suspended merit increases. Since then, the local unemployment rate has declined, and the City's employee turnover rate has increased. Ms. Malloy noted the cost of pay grade adjustments last year were unusually high due to implementing the Segal Waters audit recommendations to adjust the City's pay ranges and classifications.

Board Co-Chair Patti Klinge commented that while there have been substantial adjustments made to pay ranges and individual grades in response to market conditions, the merit increase percentage has remained relatively low. Ms. Klinge noted that while she understood the need to be cost-effective in managing the merit budget, she was concerned that employees are not feeling their pay increases in a meaningful way.

Ms. de Goa-Keane responded the merit program is designed to reward individual performance, while the annual pay survey proposal adjusts the Classification & Pay Plan to reflect changes in market conditions. Ms. de Goa-Keane noted last year was an unusually large adjustment, while this year's proposal was more in line with the trend seen in prior years for market changes.

Ms. Klinge stated she understood the difference, however, she remains concerned the City is not being responsive enough to adjusting pay upwards to the increasing competitive market pressures, particularly with looking at current pay to midpoint, the increasing turnover rate, and the current rolling vacancies at the City.

Ms. de Goa-Keane responded OHR has been educating agency appointing authorities about ensuring they are hiring into the range due to market pressures, especially with positions that have been difficult to fill or have high turnover, to attract and retain talent. Ms. de Goa-Keane noted some agencies hire at the lower end of the range and OHR has been working with them to change their thinking.

Ms. Klinge stated that is good for newly hired employees but expressed concern about existing employees. Ms. de Goa-Keane noted there is a ripple effect since pay equity adjustments are done to move up the existing employees in the range, and OHR is actively working with agencies to adjust as needed.

Ms. Malloy reviewed the occupational group adjustment percentages and the individual pay grade adjustments by category. Ms. Malloy noted the next step upon approval would be to present the recommendations to the Finance & Governance Committee of the City Council on May 1st, the Mayor-Council Meeting on May 8th, the 1st reading at the City Council meeting on May 14th, and the 2nd reading at the City Council meeting on May 21st. Final approval of the ordinance is expected on May 25th.

Ms. Klinge asked if the presentation shown to the Board is the same as what will be presented to the City Council, which Ms. de Goia-Keane responded in the affirmative.

Ms. Klinge asked if the City's turnover rate has been increasing and how the trend compares with other metro employers. Board Co-Chair Neil Peck stated he would like to know which agencies are experiencing the highest turnover.

Ms. de Goia-Keane responded she would like to research the data first, but in general, agencies that have a lot of entry-level positions with lesser skill requirements are experiencing higher turnover, since recruiting for these positions are affected by small adjustments in hourly pay from other employers. Ms. de Goia-Keane noted the Employers Council data indicated the average turnover rate for public sector employers is about 13%, which is about where the City falls.

Ms. McLuster noted the airport and the Department of Human Services ("DHS") also have been experiencing high turnover, with the airport being challenged in the skilled trades and DHS by entry-level positions. Mr. Peck asked if pay was the primary factor driving the turnover, to which Ms. McLuster replied in the affirmative.

Ms. de Goia-Keane noted there were other factors involved as well, especially with paying skilled trade employees higher in the range upon hire. Ms. de Goia-Keane stated Classification & Compensation has been working closely with the OHR team at DEN to educate managers about paying higher into the salary range in the current competitive market, which is starting to have an impact on reducing turnover.

Ms. Klinge noted OHR needs to continue accelerating the education process to reduce the turnover rate and the cost associated with it. Ms. Klinge also suggested having the comparative data available to present to the City Council to demonstrate the importance of the issue.

The Career Service Board unanimously approved Classification Notice No. 1563.

3. Public Hearing Notice No. 573 – Proposed Revision to Career Service Rules 2 and 7

Lauren Locklear, HR Compliance Officer, and Nicole de-Goia Keane, Director of Classification & Compensation, introduced Public Hearing Notice No. 573-Proposed Revision to Career Service Rule 2, Career Service Board, and Career Service Rule 7, Classification and Compensation.

Ms. Locklear noted Ms. de Goia-Keane had previously presented the proposed changes to Rules 2 and 7, which allows the OHR Executive Director to approve routine classification changes, a summary of which will be presented to the Board and the City Council, reducing approval time by an average of six weeks versus the current process.

Ms. Locklear stated the changes proposed were approved by the City Council and the ordinance updated. The changes to the language in Rules 2 and 7 is to reflect the revised ordinance.

The Career Service Board unanimously approved Public Hearing Notice No. 573.

V. Director's Briefing: None

VI. Pending Cases:

1. Silver Gutierrez & Denver Sheriff Department, Appeal No. 65-11A
The Career Service Board denied the Respondent's Motion to Dismiss and reaffirmed the Hearing Officer's decision, written order to follow.
2. Darrin Turner vs. Denver Sheriff's Department, Appeal No. 01-17
The Career Service Board affirmed the Hearing Officer's decision, written order to follow.
3. Bridget Andrews vs. Denver Sheriff's Department, Appeal No. 16-17A
The Career Service Board affirmed the Hearing Officer's decision, written order to follow.
4. Gregory Gustin vs. Department of Aviation, Appeal No. 02-17A
The Career Service Board affirmed the Hearing Officer's decision, written order to follow.
5. Rhonda Casados vs. Denver Sheriff's Department, Appeal No. 45-17A
The Career Service Board denied the Agency-Petitioner's Motion to Dismiss and affirmed the Hearing Officer's decision, written order to follow.
6. Phazaria Koonce vs. Denver Sheriff's Department, Appeal No. A034-17
The Career Service Board affirmed the Hearing Officer's decision, written order to follow.
7. James Johnson vs. Denver Sheriff's Department, Appeal No. A024-17A
The Career Service Board reversed the Hearing Officer's decision and re-imposed the original discipline, written order to follow.

VII. Executive Session:

The Board went into executive session at 9:30am.

The following matters were adjudicated:

1. Robert Mancuso vs. Denver International Airport, Appeal No. 076-17
The Career Service Board granted the Petitioner-Agency's Unopposed Motion to stay the Hearing Officer's decision.
2. Carlos Hernandez and Bret Garegnani vs. Denver Sheriff's Department, Consolidated Nos. A025-17A and A026-17A
The Career Service Board deferred consideration of this appeal to the next board meeting.

The Board re-convened the meeting at 10:08am.

VIII. Adjournment: *Adjournment was at 10:09am.*