

**REPORT**

**DATE ISSUED:** October 2, 2009 **REPORT NO:** HCR 09-095

**ATTENTION:** Chair and Members of the Housing Commission  
For the Agenda of October 16, 2009

**SUBJECT:** Final Report of the Classification and Total Compensation Study

**REQUESTED ACTION:**

That the Housing Commission approve, and recommend that the Housing Authority accept, the Final Report of the Classification and Total Compensation Study conducted by Koff & Associates, Inc.

**STAFF RECOMMENDATION:**

1. Accept the classification and total compensation study recommendations prepared by Koff & Associates, Inc.
2. Recommend that the Housing Authority accept final report.
3. Approve the establishment of a new salary structure for unrepresented staff to include a minimum, midpoint, and maximum salary range.
4. Establish/expand new salary ranges for represented staff that will consist of ten (10) steps.
5. Authorize President and Chief Executive Officer or designee to take appropriate actions to implement recommendations.

**BACKGROUND:**

HUD regulations and sound personnel management practices prescribe that classification and compensation structures be reviewed and updated periodically. Additionally, the Americans with Disabilities Act (ADA) requires regular updates of job descriptions for employment purposes. The last comprehensive classification and compensation study for the San Diego Housing Commission (SDHC) was conducted in 1998 by Rewards Strategy Group, Inc.

The impact of not conducting a classification and compensation study since 1998 contributes to SDHC's overall average salary lag of 15.4% in comparison to the related labor market. SDHC has experienced recruitment and retention issues, which resulted in losing candidates and employees to other organizations and contributed to the following: 1) extended recruitment periods; 2) hiring new employees in the upper steps of salary ranges; 3) processing internal pay differentials to acknowledge salary lag; and 4) a lack of a current comprehensive structure to respond to the changing business needs of SDHC.

Subsequent studies are required to maintain accurate classifications, and a competitive compensation and salary structure program. In an effort to assess the relevancy of the agency's current classification and compensation program, SDHC determined that a full study was required. The goals and objectives of the study were to: 1) assist in identifying and addressing potential recruitment and retention issues; 2) create a comprehensive and objective approach for classification analysis; 3) assist in the creation of career development ladders; and 4) identify internal/external salary inequity issues. This study supports the goal presented in SDHC's FY 2009 - 2011 Business Plan of becoming an "Employer of Choice" by maintaining a competitive position in the employment market. Additionally, this study supports the plan

to create and promote a comprehensive pay-for-performance model and philosophy that rewards and distinguishes between individual levels of performance, which will support skill and professional development.

### **SUMMARY**

In July 2008, a Request For Proposal (RFP) process was initiated for the classification and compensation study. On November 21, 2008, SDHC approved a contract with Koff & Associates, Inc. to conduct the study, using a very transparent, employee participatory process.

The study required an overall review of each department; an analysis of existing job functions and positions within each department; a review of the position specifications for each position; a review of SDHC's pay plan; and a review of comparable positions in other jurisdictions and private industry, where appropriate. This analysis provides the agency with comprehensive information in relationship to job titles and salary structure.

The classification and compensation study was conducted in three (3) phases. The initial phase focused on classification and job titles which consisted of obtaining completed position questionnaires from all SDHC staff. This phase ensured that staff thoroughly participated in the initial data gathering phase. The second phase focused on compensation analysis which consisted of obtaining salary and benefits information from comparator agencies. The last phase of the study focuses on the recommendations and implementation plan provided by Koff and Associates. This phase includes a migration plan for transitioning to the recommended compensation program, and instructions on moving from the current compensation program to the recommended salary structure.

The Final Report of the Classification and Total Compensation Study -Volume I provides the methodology used in the classification phase. As a result, the consultant provided the following recommendations: 4% of staff were recommended for internal classification changes; 8% of staff were recommended for reclassifications in accordance to expanded job responsibilities; 35% of staff were recommended for title changes in accordance to relevant market comparisons; and 55% of staff were recommended for no changes. There were also recommendations that addressed changes regarding exempt and non-exempt designation, and resulting eligibility for overtime pay in accordance with the Fair Labor Standards Act (FLSA).

The Final Report of the Classification and Total Compensation Study - Volume II describes the process used in conducting and obtaining the total compensation and benefits data. The consultant recommends separate salary structures for the "Unrepresented" and "Represented" titles. The Unrepresented ("U") structure will consist of a minimum, midpoint and maximum salary range, with a 40% spread between the minimum and maximum of the range. The Represented ("R") structure will consist of a ten (10) step salary range with approximately two and a half percent (2.5 %) between each step.

### **FISCAL CONSIDERATIONS:**

The last phase of the study will have fiscal impact in FY10 and FY11. If all affected employees were transitioned to the proposed salary structure simultaneously, the overall FY10 fiscal impact would be approximately \$89,356. SDHC plans to make the salary transition in two (2) phases. The titles covered under the "U" salary structure will be implemented in January 2010. The titles covered under the "R"

salary structure will be scheduled for implementation in July 2010 in accordance with the labor negotiations with Service Employees International Union (SEIU).

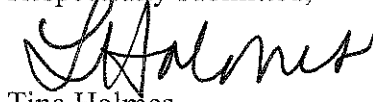
**PREVIOUS COUNCIL and/or COMMITTEE ACTION:**

On November 21, 2008, the Housing Commission Board approved a contract with Koff & Associates, Inc. to conduct the Classification and Compensation Study.

**ENVIRONMENTAL REVIEW:**


This activity is not a project within the meaning of the California Environmental Quality Act (CEQA) pursuant to Section 15060 of the State CEQA guidelines, and it is exempt from the National Environmental Policy Act pursuant to 24 CFR Section 58.34 (a)(3).

Respectfully submitted,



Tina Holmes  
Human Resources Officer

Approved by,



for CAROL M.  
VAUGHAN  
Executive Vice President &  
Chief Operating Officer

Attachments:

1. Final Report of the Classification and Compensation Report, Volume I : Classification – Phase I (Appendices I & II)
2. Final Report of the Classification and Compensation Report, Volume II: Total Compensation – Phase II & III (Appendices I – IV)

Hard copies are available for review during business hours at the Housing Commission offices at 1122 Broadway, San Diego, CA 92101, Main Lobby and at the Office of the City Clerk, 202 C Street, San Diego, CA 92101. You may review complete docket materials on the San Diego Housing Commission website at [www.sdhc.org](http://www.sdhc.org).