

	Classification and Compensation Study Report – Differential/Pay Compression Analysis October 21, 2025
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Background

Human Resources met and conferred with labor representatives to reach an agreement, through side-letter (Attachment 2A), regarding the execution of equity adjustments that had been agreed upon in the current Memorandum of Understandings (MOUs) with Teamsters and OE3 unions, previously approved by Council. The original agreements made in the MOUs assumed that equity adjustments based on market data related to the new classification structure, recommended by Gallagher (the consultant), could be implemented within the agreed timeframe.

However, best practice in conducting classification/compensation work is to finalize classification determinations before making final salary determinations. Therefore, final determinations regarding compensation for classifications recommended by Gallagher for implementation as part of the new class structure cannot be complete until classification determinations are finalized. More specifically, the Citywide classification study could not also be implemented at the same time as the equity adjustments, and the classification study review meetings with all interested parties has made it clear that the class study implementation will require more work, input, and steps to complete.

Therefore, identifying a path forward to implementing the agreed upon equity adjustments outside of the class study implementation was necessary. Human Resources and labor worked collaboratively to reach agreement, and because of the collaboration and agreements, the 2025 equity adjustments were fully implemented on time.

However, additional work needed to be done to address existing pay compression (also referred to as compaction) between current classifications that will continue to be an issue. Labor raised the issue of pay compression during meetings and Human Resources determined there was a need to conduct a differential analysis for all current non-sworn classifications utilized in the City to identify if and where there is compaction in job families between subordinates and management classifications.

Human Resources conducted the preliminary compaction analysis while conducting classification review meetings and negotiating the side-letter agreements on equity and used the analysis to identify affected classifications. As a result, and to reach agreement, Human Resources agreed to address compaction for certain job classifications identified from its analysis as part of the side-letter agreements.

Additionally, and included in the side-letter, Teamsters Unit 18 requested an analysis of Deputy Director salaries as they have been historically paid the same range though the positions require different qualifications and operate with different scopes of responsibility.

Human Resources conducted further analysis to recommend internal alignment and salary adjustments that would address and resolve compaction.

The below section identifies the classifications that Human Resources determined would benefit from salary adjustments, and the attached table clarifies the recommended percentage adjustments needed to correct the compaction issues.

Recommendations For Council's Consideration

Classifications identified through HRs analysis and included in the side letter agreement as needing salary evaluation and correction to address pay compression include the following. Attachment 2B, "Differential Analysis Compaction Solutions," details the current salaries, differentials, and recommended ideal differentials and salaries, as well as the budget impacts.

- Deputy Director Water Reuse Operations
- Deputy Director Water and Sewer Operations
- Wastewater Treatment Superintendent
- Wastewater Treatment Supervisor
- Senior Wastewater Plant Operator
- Wastewater Operator II
- Supervising Electrical Technician-Water
- Supervising Instrumentation Technician
- Wastewater Maintenance Superintendent
- Supervising Mechanical Technologist
- Senior Water System Technician
- Wastewater Reclamation Superintendent
- Water Reuse Operations Supervisor
- Supervising Laboratory Analyst
- Deputy Director Engineering Resources
- Deputy Director Traffic Engineering
- Deputy Director Engineering Services
- Supervising Engineer
- Supervising Land Surveyor
- Supervising Traffic Signal Technician
- Senior Traffic Signal Technician
- Deputy Director Transit
- Deputy Director Development Services
- Chief Building Official
- IT Supervisor

Human Resources has met and conferred over the proposed salary corrections and reached agreement. Therefore, HR recommends that Council adopt the salary corrections as recommended in Attachment 2A, “Differential Compaction Solutions.”

Attachments:

- 2A – Side-Letters
- 2B – Differential Analysis Compaction Solutions
- 2C – Differential Analysis New Salary Steps