



Arthur J. Gallagher & Co.  
BUSINESS WITHOUT BARRIERS™

# Market Study

LORI MESSER | OCTOBER 18, 2017

INTERcity  
TRANSIT

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# Study Background

- Gallagher Benefit Services' Fox Lawson Group (FLG) was engaged to perform a review of base compensation for Intercity Transit (IT) and make recommendations regarding:
  - Current state of compensation;
  - Market competitiveness of specific employee benchmarks;
  - Pay range adjustments based on market data; and
  - Costs associated with recommendations.
- The major considerations of IT are to:
  - Establish market comparisons to the current salaries and salary ranges used for selected IT job classifications; and
  - Adjust ranges to be competitive with the market.
- The following items were provided by IT to facilitate the study:
  - Current salary and pay range data for selected positions;
  - Current classification plan for all IT jobs; and
  - Current employee census.

# Study Objectives/Philosophy

- Market study objectives were identified and include:
  - Compensation levels reflective of multiple public sector labor markets covering IT jobs.
  - A comparison of IT range midpoints against the 50<sup>th</sup> percentile of range midpoints in the relevant labor markets.
    - All positions compared to other public sector organizations in the surrounding area and comparable transit agencies of similar size and complexity.
    - Published survey data collected only for positions with insufficient data reported from participants.
    - Compensation will be viewed from a base pay perspective.
  - Development of a pay structure where the midpoint is reflective of the defined labor market range midpoints.
  - Classifications will be placed in the proposed salary structure based on their respective job evaluation rating and market data results.
  - FLG conducted a similar study and analysis for IT in 2004 and 2011.

# Survey Methodology: Benchmark Jobs

Bench ID	Benchmark Title
1	Accounting Specialist
2	Dial-A-Lift Manager
3	Fixed Route Manager
4	HR Assistant
5	Human Resources Analyst
6	Human Resources Analyst, Senior
7	Information Systems Manager
8	Information Systems Technician
9	Inventory Specialist
10	Inventory Supervisor
11	Maintenance Director
12	Network Systems Analyst
13	Operations Assistant
14	Operations Director
15	Operations Supervisor
16	Planning Manager
17	Vanpool Coordinator
18	Vanpool Manager
19	Vehicle Maintenance Supervisor

# Survey Methodology

- FLG developed a survey questionnaire to collect salary data in a fashion that was standard and easy to quantify and analyze.
- Results include data from comparator organizations.
  - Nine organizations were asked to participate; all 9 organizations responded, a 100% response rate.
- The survey results represent data from the following organizations and survey sources:

Participating Organizations
Ben Franklin Transit
C-Tran
City of Lacey
City of Olympia
City of Tumwater
Kitsap Transit
Lane Transit
Salem Keizer Transit
Whatcom Transit
Economic Research Institute (ERI)*

\*Published survey data used only for positions with insufficient data reported from participants.

# Survey Methodology

- FLG reviewed and entered the data collected from participants.
- FLG followed up directly with participants to clarify and validate missing or questionable information reported.
- FLG asked organizations to make a match for only those jobs that reflected at least 80% of the duties as outlined in the benchmark summaries.
  - Job matches utilized for this study were made on the basis of job content, not job title; an 80% match of duties/responsibilities were requested, which is the professional standard established by WorldAtWork (the professional compensation association).
  - If there were any questions in job matching, we reference job descriptions, organizational charts and other information to verify that the match is valid.
- All data are effective August 2017 and reflect an annual basis.
- FLG follows the U.S. Department of Justice and Federal Trade Commission guidelines that state 5 job matches should exist per job in order to conduct statistical analyses or for drawing conclusions.

# Survey Participant Demographics

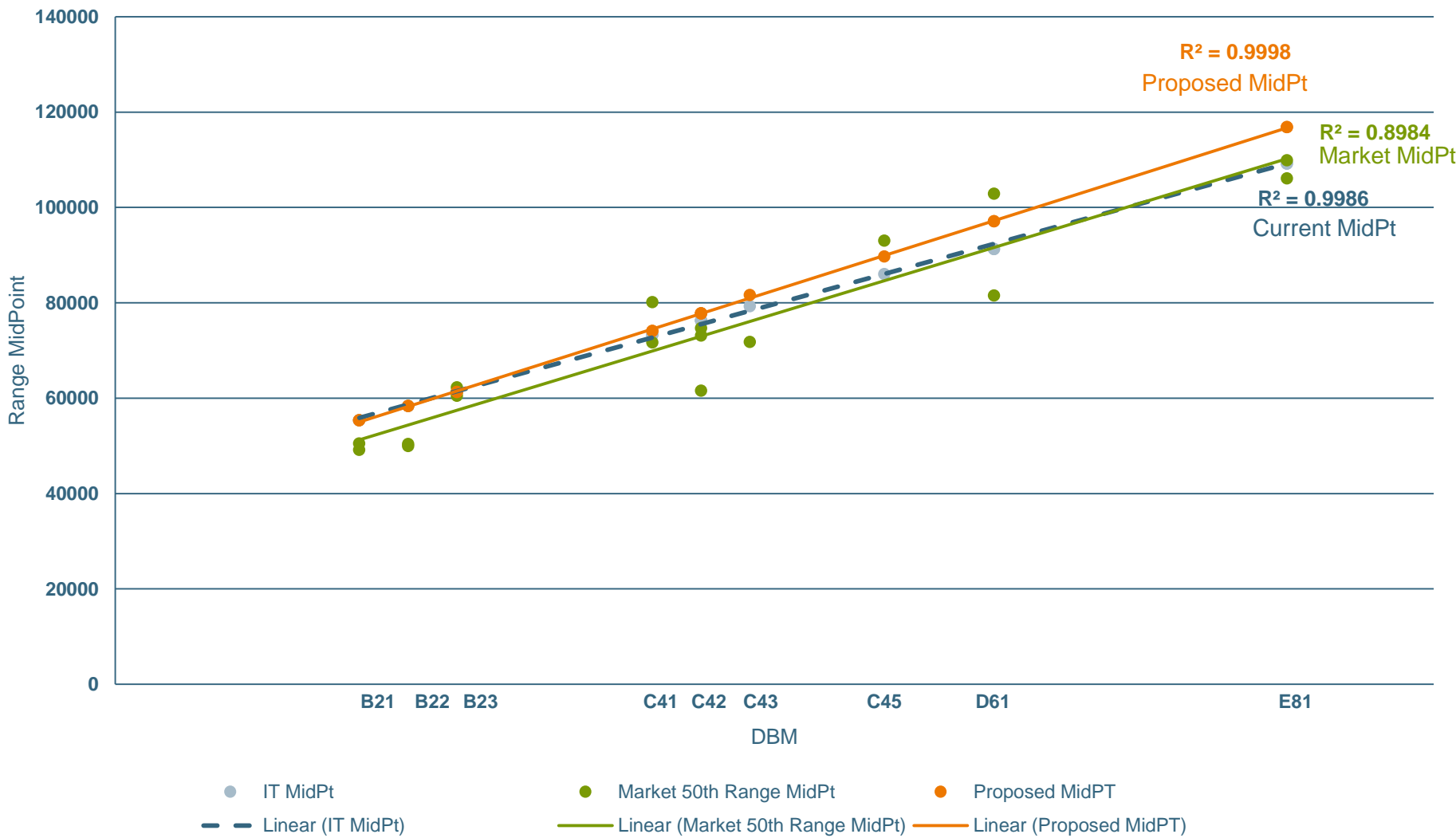
	Comparator Market Average	Comparator Market Median	Comparator Market Low	Comparator Market High	Intercity Transit
Customers Served	223,123	260,131	23,000	500,000	180,000
Annual Operating Budget	\$63,353,095	\$55,600,000	\$27,212,443	\$142,559,278	\$45,400,839
Number FT Employees	308	254	178	567	323
Number Job Classifications	82	84	43	141	53
# Motor Buses	87	84	60	121	71
# Dial-a-Lift Vehicles	63	67	43	76	38
# Vanpools	139	93	27	341	175

\*Comparator market organizations are representative of organizations with whom Intercity Transit competes for talent. Size anomalies (both larger and smaller organizations) exist due to the proximity of organizations to IT and the competitive nature of talent in the area.



# Summary of Salary Data Comparisons

Intercity Transit Midpoint vs Market Midpoint (50th %)



# Summary of Salary Data Comparisons

- On an overall basis of all jobs surveyed, the amount that IT is above the market is shown in the table below.

- The 50<sup>th</sup> percentile of market range midpoints was used as the comparison point against the midpoint of the current pay ranges, as this is where IT identified its targeted pay:

Range Comparisons		
Range Minimum	Range Midpoint	Range Maximum
Leads by 5.5%	Leads by 2.3%	Leads by 2.3%

- The following guidelines are used when determining the competitive nature of current compensation:
  - +/-5% = Highly Competitive
  - +/-10% = Competitive
  - +/-10-15% = Possible misalignment with market
  - >15% = Significant misalignment with market
- Overall, based on the results, current midpoints of all IT's surveyed positions are considered highly competitive.
- Individual benchmark comparisons varied.

# Proposed Pay Range Analysis

- As the survey results indicate, IT's current structure is, overall, highly competitive.
- FLG compared the average market range midpoint of each DBM level to the current midpoint.
- At the point the market is higher than IT's midpoint (C41), the results of the regression analysis were used to develop proposed ranges for C through E band positions.

# Proposed Pay Range Analysis

- Additionally, some midpoints were adjusted to ensure a minimum 5% progression between midpoints and bands.
- Finally, the range spreads (minimum to maximum) remain at 35% for all bands, which is consistent with average range spreads found in the market, as shown in the table below.

DBM Band	Market Avg Range Spread
A	-
B	30%
C	35%
D	30%
E	34%

# Proposed Pay Structure for Intercity Transit

Rating	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10	Step 11	Step 12	Step 13	Step 14	Step 15
<b>A12</b>	42,016	42,994	43,994	45,018	46,065	47,137	48,234	49,358	50,351	51,364	52,398	53,452	54,527	55,624	56,742
<b>A13</b>	44,554	45,595	46,661	47,751	48,867	50,009	51,178	52,374	53,418	54,483	55,570	56,678	57,808	58,961	60,133
<b>B21</b>	47,112	48,209	49,332	50,481	51,657	52,860	54,091	55,349	56,462	57,598	58,756	59,937	61,143	62,372	63,627
<b>B22</b>	49,650	50,810	51,997	53,211	54,454	55,726	57,028	58,365	59,529	60,717	61,928	63,164	64,424	65,709	67,018
<b>B23</b>	52,187	53,400	54,642	55,912	57,212	58,542	59,904	61,298	62,528	63,783	65,063	66,369	67,701	69,060	70,450
<b>C41</b>	62,379	63,830	65,315	66,834	68,388	69,979	71,607	73,278	74,749	76,249	77,779	79,340	80,933	82,557	84,219
<b>C42</b>	64,917	66,512	68,146	69,821	71,536	73,294	75,095	76,942	78,388	79,861	81,361	82,890	84,447	86,034	87,651
<b>C43</b>	68,757	70,359	71,998	73,676	75,392	77,149	78,946	80,789	82,407	84,058	85,741	87,459	89,211	90,998	92,821
<b>C44</b>	72,194	73,877	75,598	77,359	79,162	81,006	82,894	84,828	86,528	88,261	90,029	91,832	93,671	95,547	97,462
<b>C45</b>	76,928	78,720	80,554	82,431	84,352	86,317	88,328	90,390	92,201	94,047	95,931	97,853	99,813	101,812	103,852
<b>C51</b>	72,194	73,877	75,598	77,359	79,162	81,006	82,894	84,828	86,528	88,261	90,029	91,832	93,671	95,547	97,462
<b>C52</b>	76,928	78,720	80,554	82,431	84,352	86,317	88,328	90,390	92,201	94,047	95,931	97,853	99,813	101,812	103,852
<b>D61</b>	83,165	85,102	87,085	89,114	91,191	93,315	95,490	97,718	99,676	101,672	103,709	105,786	107,905	110,066	112,272
<b>E81</b>	94,147	96,341	98,586	100,883	103,233	105,639	108,100	110,623	112,839	115,099	117,405	119,756	122,155	124,602	127,099

# Implementation Cost

The cost to move employees into the step that most closely aligns with their current rate of pay (without being less than their current rate of pay) is approximately \$44K.

# Administrative Recommendations

- **Salary Structure Review/Updates**

- Annual Updates/General Wage Adjustments

- In order to reflect necessary increases in the minimum, job rates and maximums appropriate for each job, the salary structure should be reviewed annually. FLG can provide Intercity Transit with the average percentage increase for employee salaries and salary structures on an annual basis, or IT may use a labor market index.
- It is recommended that the respective starting rates, job rates and maximums be increased by a **percentage** that reflects the market trends and IT's hiring experience. The use of a dollar amount increase would compress the structure over time.

- Long-Term Updates

- Intercity Transit should reevaluate its overall structure at regular intervals (e.g., 2 to 3 years depending upon market movements) to ensure that its salary levels are consistent with the marketplace.
- This would involve conducting a market salary study, such as was conducted here, every 2 to 3 years (depending on the economy) to make sure that IT's pay scales and employee salaries remain competitive.



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# Thank You

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