



McGrath
HUMAN RESOURCES GROUP

City of Lawrence, Kansas

**Fire Market Study
Administrative Report**

**By
McGrath Human Resources Group**

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City of Lawrence

Confidential Report

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McGrath Human Resources Group conducted a study on the positions within the Fire Department for use by the City for contract negotiations. The City provided the following as comparable organizations:

Table 1: Comparable Organizations

City of Lenexa
City of Olathe
City of Overland Park
Johnson County Consolidated Fire District #2*
WYCOKCK

*Data not solicited

All organizations, with the exception of Johnson County Consolidated Fire District #2, provided information to the Consultant. Additional information for other non-union ranks within the Fire Department were gathered and will be presented in the City's Administrative Report. In addition to collecting the salary schedules, the Consultant reviewed the websites of the responding agencies to ascertain the qualifications of the positions.

External Market Analysis

Minimum Analysis

The current Salary Range Minimum was compared against the Average Market Minimum for Fire positions. In addition, an Average Market Rate was developed from the average mid-point and/or average salary of incumbents.

The analysis of the Minimum of the Salary Range gives initial indications if starting salaries are within an acceptable market range. For this purpose, the closer to 50% (average market rate, or midpoint), the closer the match of the City's Minimum to the Market. Minimum starting salaries below 40% (called the Comp-Ratio) need further evaluation. It could be an indication that the Minimum of the Salary Range has fallen below the Market Average. Salaries above 50% Comp-Ratio indicate they are above the Average Market rate.

Table 2: Minimum Market Analysis

<u>Job Title Description</u>	<u>Minimum Salary</u>	<u>Avg Mkt Min</u>	<u>Comp Ratio</u>
FIRE LIEUTENANT PARAMEDIC *	56,616.00	83,196.00	18%
FIRE LIEUTENANT (EMT)	52,242.00	69,001.25	26%
FIRE ENGINEER EMT	47,560.00	62,708.24	26%
FIREFIGHTER PARAMEDIC 2912	47,862.00	51,033.68	44%
FIREFIGHTER AEMT 2912	44,164.00	44,501.96	49%

*Limited data - only 1 comp with identified rank

The Firefighter starting salaries are at or below the Average Market rate of the comparable organizations. If the philosophy of the City of Lawrence is to pay at the Average Market rate, then a slight increase to the minimums may be necessary. What is deceiving, is that the Fire Lieutenant – Paramedic rank is not a true comparison as only one of the municipalities – City of Overland Park has the rank. Further, the make up of the salary schedule is also a cause of beginning salaries below an acceptable rate.

Incumbent Analysis

An analysis was conducted of the City of Lawrence's average incumbent salary as compared to the midpoint of the salary schedule in the external market. This allows the Consultant to see progression through the Salary Schedule and compare actual salaries of Fire positions. As with the minimum salaries, 50% Comp-Ratio represents salaries closer to the Average Market. A Comp-Ratio within 40-60% represents salaries within an acceptable range.

Table 3: Incumbent Market Analysis

<u>Job Title Description</u>	<u>Avg Salary of Incumbents</u>	<u>Avg Mkt Midpoint</u>	<u>Comp Ratio</u>
FIREFIGHTER AEMT	48,145.83	57,237.00	34%
FIREFIGHTER PARAMEDIC	53,890.10	63,403.84	35%
FIRE ENGINEER EMT	71,488.67	73,908.36	47%
FIRE LIEUTENANT PARAMEDIC *	89,211.08	85,278.00	55%
FIRE LIEUTENANT (EMT)	82,992.92	78,936.00	55%

*Limited data – only 1 comparable

Note: Average based off actual base salaries of Lawrence FF– may not match pay grid.

The salaries of firefighter personnel are within the acceptable range of similar positions. This comparison would assume that the midpoint of the salary schedule is designated as the average market rate. The average market rate is the salary an employee should be earning – typically within three (3) to five (5) years – as he/she is fully capable and competent to perform the functions of the position.

Maximum Analysis

The Consultant performed an analysis on the Salary Schedule – the Fire Schedule Maximum (Step 24) to the average external salary schedule maximum.

Typically, the salary schedule maximum provides little information as salary schedules are developed with varying ranges. In this situation, the data illustrates the City’s Salary Schedule for firefighters max out at or within acceptable standards than its market comparables, when comparing the Fire fighter schedule Step 24.

Table 4: Maximum Salary Schedule Analysis

<u>Job Title Description</u>	<u>City’s Max</u>	<u>Avg Mkt Max</u>	<u>Comp Ratio</u>
FIREFIGHTER AEMT	70,650.00	73,823.79	46%
FIREFIGHTER PARAMEDIC	76,564.00	79,853.29	46%
FIRE LIEUTENANT (EMT)	83,572.00	84,925.00	48%
FIRE LIEUTENANT PARAMEDIC *	90,568.00	87,360.00	54%
FIRE ENGINEER EMT	76,083.00	71,536.91	56%

*Limited data - only 1 comp with rank

As discussed, in compensation theory, the Average Market rate is the wage an employee should reach when fully capable and competent to perform the job. Depending on how the organization starts an employee (at Step 1 or higher), it should take an employee 3 – 5 years to reach the Average Market rate. Due to the accelerated rate of moving within the salary schedule – two steps per year – Step 13 would be reached within this 3 – 5-year period. Thus, it should be designated the average market rate. Any increases above step 13 would indicate payment of fire personnel above the average market rate.

A comparison of the 2018 Salary Schedule – Step 12 – as compared to the average market salary indicates, that the City of Lawrence Step 12 is within the acceptable range (40-60% Comp-Ratio) with the exception of two (2) positions – Fire Engineer and Fire Lieutenant EMT. Although the Fire Lieutenant Paramedic could be construed to be below the average market rate, caution needs to be taken since this position has only one (1) comparable match and therefore, it may not be representative of the Market.

Table 5: Incumbent Market Compared to Step 12

<u>Job Title Description</u>	<u>Step 12</u>	<u>Avg Mkt Midpoint</u>	<u>Step 12 Comp Ratio</u>
FIRE ENGINEER EMT	62,405.00	73,908.36	34%
FIRE LIEUTENANT (EMT)	68,548.00	78,936.00	37%
FIRE LIEUTENANT PARAMEDIC *	74,287.00	85,278.00	37%
FIREFIGHTER PARAMEDIC	62,800.00	63,403.84	49%
FIREFIGHTER AEMT	57,949.00	57,237.00	51%
*Limited data - only 1 comp with rank			

Prior to contract negotiations, the Consultant recommends an update to the data as well as soliciting data on other fire schedules, specialty pay, longevity practices, and other issues that will be discussed in negotiations. The interim Fire Chief believes that the ‘average’ compensation should not be utilized in the analysis of market positions, as the City of Lawrence Fire Department is the largest in the area and provides support – rather than receives – from outlying departments. There is merit to this argument; however, that case could be made for a number of positions within the City – not just within the Fire Department. Therefore, as suggested in the non-union Salary Schedule, consideration in the future to increasing the Salary Schedules to the 52nd to 53rd

percentiles (or higher), to acknowledge the greater expectations of City of Lawrence employees should be considered. Such a compensation philosophy should, however, be a City-wide decision, not just in the Fire Department.

Salary Schedule Analysis

The City of Lawrence has a 24-Step Schedule for Fire personnel. Steps are 2.5% for Steps 1 – 16; then decrease to 1.25%. Nine (9) ranks are depicted within the Schedule. In some ranks the max is lower than the rank above (i.e., FF-PM to Engineer). It also appears that not all the positions are filled; thus, there is a question if they are needed.

Just by the makeup of the Salary Schedule, there is Compression between these union ranks, as well as between the union to the non-union fire positions. There is significant overlap in the Steps (not all overlap can be eliminated), but with the number of ranks that are squeezed into the Schedule, and the number of Steps, the Consultant recommends an overhaul of the Salary Schedule. Some of the external market comparability is due to the make-up of the salary schedule – the extensive number of steps.

In addition, the step schedule is extremely expensive, considering the average salary now afforded to employees – represented and non-represented. Since the economy has begun to flourish in the past few years, salary increases for employees are now reaching 3-3.5%. With this schedule, employees with acceptable performance receive two (2) steps. Therefore, when moving through steps 1 – 16 that equates to a 5% increase, plus any additional percentages if the step schedule was increased. For example, in 2019 – 2.5% was added to the salary grid – an employee moving from step 9 – 10 would have received a 7.5% increase. With so much of the City's dollars supporting just the step increases, the City cannot afford to increase the schedule on a regular basis. As such, although most of the schedule is within an acceptable range, some of the salary schedule is at the lower end of the acceptable range or beginning to fall under market.

Recommended Salary Schedule

The Consultant recommends an option between two (2) courses of action.

The first option would be to revamp the entire firefighter salary schedule and eliminate the ranks that are no longer being used. A simple Firefighter trainee, Firefighter-EMT, Firefighter-Paramedic, Engineer, Lieutenant salary ranges (EMT & Paramedic) could be developed based off the Average Market rate. The market rate should be achieved by Steps 6-8 depending upon its construction; thus, steps above will achieve the Interim Fire Chief's opinion that employees should be paid higher than average. Further, with a reduction in the number of ranks, a wider spread between ranks could be achieved to alleviate Compression,

In addition to revamping the Salary Schedule, career tracks can be developed where employees could move up the ranks in a chosen field of interest and then move through the Salary Range based upon achievement of additional responsibilities, new certifications, etc.

The second option is to maintain the current Salary Schedule but eliminate a few of the beginning steps so employees achieve the market rate earlier than Step 13-14. Depending on the placement of individuals within the System, corresponding steps added to the end of the Schedule may or may not be needed; thus, shortening the salary system in the number of steps. Eliminating a number of steps at the beginning will also increase the starting salaries and possibly make the City of Lawrence Fire Department a more desirable employer.

Schedule Maintenance

Regardless of the final decision as to how the Salary Schedule should be modified, it is incumbent that the City and Association work to annually increase the Salary Schedule to maintain reasonable competitiveness with the Market. Thus, annually (suggested January 1st), the Schedule should be increased by an agreed upon economic indicator. The step increase should then occur after the performance evaluation, either all at one time (suggested July 1st) or continue on the anniversary date.