



City of Seattle

Edward B. Murray, Mayor

Seattle Department of Human Resources

Susan L. Coskey, Director

MEMORANDUM

TO: Peter Lindsay, Policy Analyst, Seattle City Council Central Staff

FROM: Susan Coskey, Director, Seattle Department of Human Resources

SUBJECT: Seattle Public Utilities Director Compensation Range Legislation

DATE: September 7, 2016

The Seattle Department of Human Resources (SDHR) submitted legislation in August 2016 that proposes to establish a pay program and rate of pay for the Director of Seattle Public Utilities (SPU). Per your request, this memo summarizes the findings of SDHR’s Classification/Compensation Unit, SPU Human Resources and Compensation Connections, LLC, a consulting company specializing in market-based compensation studies. Please let me know if you have additional questions or clarifications, and I can arrange for the appropriate person in our department to respond. Thank you.

BACKGROUND

Earlier this year, SPU Director Ray Hoffman announced his retirement. Mr. Hoffman’s position had been designated an Executive 4, which has a 2016 annual salary range of \$135,400 - \$223,550. While preparing to begin a search to fill the position, it was decided that an analysis was necessary to determine whether the current title and pay range for the position was adequate to attract top talent to fill the vacancy. SDHR, in concert with an external compensation consultant and SPU HR, completed an analysis to assess the market competitiveness of the position. Our analysis determined that the City’s current salary range is not competitive with top executive positions at comparable public water utility organizations. SDHR submitted proposed legislation to the City Council in August to establish a job title and pay range more aligned with peer pay practices.

ANALYSIS

In partnership with SPU Human Resources and with the support of Compensation Connections, LLC, SDHR reviewed published public water utility survey data and reached out to targeted organizations to obtain current pay information for comparable positions in the public sector marketplace. The median of the published survey data is \$283,660; the actual average of the targeted organization data is \$260,498.

Published Survey 50th	\$283,660
Average Target Organizations	\$260,498
Combined Average	\$272,079

These results are significantly above the maximum of the current Executive 4 pay range, which warrants creation of a new job title for this position. Based on the titles of similar positions in the marketplace and a comparable internal position at Seattle City Light (which operates in a higher competitive range), we recommend the title “Seattle Public Utilities General Manager/Chief Executive Officer.” The recommended pay range for this position is shown below:



Current Executive 4 Pay Range

2016	Minimum	Midpoint	Maximum	Spread
	\$64.89/hr \$135,400/yr	\$85.98/hr \$179,500/yr	\$107.07/hr \$223,550/yr	65%

Proposed Seattle Public Utilities General Manager Pay Range

Minimum	25th	Midpoint	75th	Maximum	Spread
\$209,231	\$240,615	\$272,000	\$303,385	\$334,769	60%

CONCLUSION

Based on these findings, SDHR forwarded legislation establishing a job title of “Seattle Public Utilities General Manager/Chief Executive Officer” under a compensation program of the same name. The band includes a minimum pay rate of \$209,231 (\$100.20/hr.) and a maximum pay rate of \$334,769 (\$160.33/hr.). The effective date of the new program and the job retitle is September 1, 2016. The proposed compensation program is consistent with other City executive level stand-alone job titles within a compensation program, such as the Police Chief and the City Light General Manager/Chief Executive Officer – both of which have been adjusted in the last few years to reflect market dynamics.

IMPACTS OF LEGISLATION

If the proposed Council Bill passes, the discretionary pay band will authorize the Mayor to set the SPU Director’s salary within the established range. The Mayor typically reviews the compensation of department heads on an annual basis; however, the Mayor has the discretion to adjust pay upward or downward at any time, so long as the salary falls within the range. Passage of this legislation will not automatically result in cost increases or appropriate additional funds. Should the Mayor exercise his discretion to adjust the General Manager’s pay, the increase would be absorbed by SPU’s existing appropriation authority.

CC: Anthony Auriemma, Mayor’s Office Council Liaison

Attached: SPU Director Compensation Market Data Summary



City of Seattle
 Seattle Public Utilities Director
 Compensation Market Data Summary

Published Survey Data

Public Sector Water Utilities (scoped by size and to Seattle)	BASE PAY				TOTAL CASH					
	Average	25th	50th	75th	Average	25th	50th	75th	Average Bonus	Bonus %
Roll-up	\$286,044	\$274,978	\$283,660	\$306,505	\$293,360	\$276,031	\$284,457	\$318,609	\$19,850	7%

Target Organization Data

ORGANIZATION	TITLE	SERVICES	BASE PAY
City of Los Angeles	General Manager	Water, Wastewater, and Power	\$305,055
City of Baltimore	Director of Public Works	Water, Wastewater, Stormwater, and Solid Waste	\$183,856
City of Phoenix	Water Services Director	Water, Wastewater, and Stormwater	\$202,634
East Bay Municipal Utility District	EBMUD General Manager	Water and Wastewater	\$309,480
City of San Diego	Deputy Chief Infrastructure/Public Works	Water, Wastewater, Stormwater, and Solid Waste	\$192,995
City of Denver	Public Works Executive Director	Wastewater, Stormwater, and Solid Waste	\$243,593
San Francisco Public Utilities Commission	SFPUC Manager	Water, Wastewater, Stormwater, and Power	\$262,711
Massachusetts Water Resources Authority	Executive Director	Water, Wastewater, and Stormwater	\$185,140
Santa Clara Valley Water District	CEO	Water	\$259,837
Snohomish County PUD	CEO	Water and Power	\$318,038
DC Water	CEO & General Manager	Water and Wastewater	\$297,297
Contra Costa Water District	General Manager	Water	\$290,481
Las Vegas Water District/Southern Nevada Water Authority	General Manager	Water	\$319,629
El Paso Water Utilities	CEO & President	Water, Wastewater, and Stormwater	\$276,230
AVERAGE PAY			\$260,498

Published Surveys + Target Organizations

Published Survey 50th	\$283,660
Average Target Organizations	\$260,498
Combined Average	\$272,079

Potential Base Pay Range

Base Pay Range	Minimum	25th	Midpoint	75th	Maximum	Spread
	\$209,231	\$240,615	\$272,000	\$303,385	\$334,769	60%



City of Seattle
Market Pricing Worksheet - Seattle Differential

Position Title: Head of Water/Wastewater Utility

Survey Source	Survey Job	Base Pay				Total Cash Compensation					
		Base Pay Average	Base Pay 25th%tile	Base Pay 50th%tile	Base Pay 75th%tile	Actual Bonus (Average)	Average Award as % of Base	Total Cash Average	Total Cash 25th%tile	Total Cash 50th%tile	Total Cash 75th%tile
2015 AWWA Large Water/Wastewater Utilities (Seattle)	Top Executive	\$272,794	-	\$279,297	-	-	-	\$272,794	-	\$279,297	-
2014 Employers Resource Association Water Utilities (Seattle)	Top Leader	\$299,294	\$274,978	\$288,023	\$306,505	\$19,850	7%	\$313,926	\$276,031	\$289,617	\$318,609
Roll-up		\$286,044	\$274,978	\$283,660	\$306,505	\$19,850	7%	\$293,360	\$276,031	\$284,457	\$318,609

AWWA Pay Range Data: The AWWA survey included average pay range information of Minimum \$211,259 - Maximum \$311,757.

ERA Pay Range Data: The ERA survey included average minimum incumbent pay and maximum incumbent pay of Minimum \$186,298 - Maximum \$365,150.

- Notes: 1) All data aged to August 2016, using AWWA factor (3.2% per year)
 2) Survey data scoped by organization size if possible
 3) Geographic differential applied to national data to scope for Seattle cost of labor (ERI, 9%)



City of Seattle
Market Pricing Worksheet - National Average

Position Title: Head of Water/Wastewater Utility

Survey Source	Survey Job	Base Pay				Total Cash Compensation					
		Base Pay Average	Base Pay 25th%tile	Base Pay 50th%tile	Base Pay 75th%tile	Actual Bonus (Average)	Average Award as % of Base	Total Cash Average	Total Cash 25th%tile	Total Cash 50th%tile	Total Cash 75th%tile
2015 AWWA Large Water/Wastewater Utilities (National)	Top Executive	\$250,270	-	\$256,236	-	-	-	\$250,270	-	\$256,236	-
2014 Employers Resource Association Water Utilities (National)	Top Leader	\$274,582	\$252,273	\$264,241	\$281,197	\$19,850	8%	\$288,006	\$253,239	\$265,703	\$292,302
Roll-up		\$262,426	\$252,273	\$260,239	\$281,197	\$19,850	8%	\$269,138	\$253,239	\$260,970	\$292,302

AWWA Pay Range Data: The AWWA survey included average pay range information of Minimum \$193,816 - Maximum \$286,016.

ERA Pay Range Data: The ERA survey included average minimum incumbent pay and maximum incumbent pay of Minimum \$170,916 - Maximum \$335,000.

- Notes: 1) All data aged to August 2016, using AWWA factor (3.2% per year)
2) Survey data scoped by organization size if possible

City of Seattle
Seattle Public Utilities Director - Target Organizations
 With Geographic Differential

Seattle = 1,400 \$800M 1.3M Water, 600K Wastewater

ORGANIZATION	LEVEL	SERVICES	TITLE	BASE PAY	OTHER PAY	TOTAL PAY	# OF EMPS	BUDGET	# OF CUSTOMERS	SOURCE
City of Los Angeles	Top Executive	Water, Wastewater, and Power	General Manager	\$305,055	-	\$305,055	8,800	\$5.5B	4M	Public
City of Los Angeles	Division Head	Water and Wastewater	Senior Asst GM of Water Systems	\$255,207	\$10,748	\$265,955	4,000	\$1.5B	4M	Public
City of Baltimore	Top Executive	Water, Wastewater, Stormwater, and Solid Waste	Director of Public Works	\$183,856	-	\$183,856	14,000 (City Total)	\$1.1B	-	Public
City of Baltimore	Division Head	Water and Wastewater	Acting Bureau Head, Water and Wastewater	\$155,146	\$1,550	\$156,695	1,843	\$340M	1.8M	Public
City of Phoenix	Top Executive	Water, Wastewater, and Stormwater	Water Services Director	\$202,634	-	\$202,634	1,363	\$570M	1.4M	Org
East Bay Municipal Utility District	Top Executive	Water and Wastewater	EBMUD General Manager	\$309,480	-	\$309,480	1,800	\$900M	1.4M	Public
East Bay Municipal Utility District	Division Head	Wastewater	Director of Wastewater	\$207,727	\$15,526	\$223,253	-	-	680K	Public
East Bay Municipal Utility District	Division Head	Water	Director of Water/Natural Management	\$216,927	\$11,656	\$228,583	-	-	1.4M	Public
City of San Diego	Top Executive	Water, Wastewater, Stormwater, and Solid Waste	Deputy Chief Infrastructure/Public Works	\$192,995	-	\$192,995	19,500 (City Total)	\$900M	2M	Org
City of San Diego	Division Head	Wastewater	Metropolitan Wastewater Deputy Director	\$123,296	\$2,423	\$125,719	861	\$394M	2.1M	Org
City of San Diego	Division Head	Water	Water Deputy Director	\$123,350	\$10,762	\$134,112	703	\$484M	1.4M	Org
City of Denver	Top Executive	Wastewater, Stormwater, and Solid Waste	Public Works Executive Director	\$243,593	-	\$243,593	1,100	\$340M	650K	Org
City of Denver	Division Head	Wastewater	Director of Wastewater Division	\$178,500	-	\$178,500	200	-	650K	Org
City of Portland	Division Head	Wastewater	Environmental Services Director	\$213,101	-	\$213,101	520	\$470M	600K	Org
City of Portland	Division Head	Water	Water Bureau Administrator	\$213,101	-	\$213,101	595	\$619M	943K	Org
San Francisco Public Utilities Commission	Top Executive	Water, Wastewater, Stormwater, and Power	SFPUC Manager	\$262,711	-	\$262,711	2,800	\$800M	2.4M	Public
Massachusetts Water Resources Authority	Top Executive	Water, Wastewater, and Stormwater	Executive Director	\$185,140	-	\$185,140	1,161	\$702.5M	2.6M	Public
Massachusetts Water Resources Authority	Division Head	Wastewater	Director, Wastewater Operations & Maintenance	\$135,268	-	\$135,268	-	-	-	Public
Massachusetts Water Resources Authority	Division Head	Water	Director, Waterworks	\$147,286	-	\$147,286	-	-	-	Public
Santa Clara Valley Water District	Top Executive	Water	CEO	\$259,837	-	\$259,837	750	\$525M	1.9M	Org
Snohomish County PUD	Top Executive	Water and Power	CEO	\$318,038	-	\$318,038	972	\$600M	350K	Public
Snohomish County PUD	Division Head	Water	AGM, Water Generation & Corp SVS	\$293,962	-	\$293,962	972	\$600M	350K	Public
DC Water	Top Executive	Water and Wastewater	CEO & General Manager	\$297,297	-	\$297,297	1,100	\$580M	1.3M	Public
Contra Costa Water District	Top Executive	Water	General Manager	\$290,481	-	\$290,481	300	\$140M	500K	Org
Las Vegas Water District/Southern Nevada Water Authority	Top Executive	Water	General Manager	\$319,629	-	\$319,629	1,350	\$1B	2M	Public
El Paso Water Utilities	Top Executive	Water, Wastewater, and Stormwater	CEO & President	\$276,230	-	\$276,230	846	\$183M	645K	Org
Average Top Executive Data With Geographic Differential				\$260,498		\$260,498				

City of Portland Division Head Pay Range: \$153,343 - \$219,755

Data Not Available:
 Cleveland
 Denver Water
 City of Portland Top Executive (elected position)

Notes: 1) Pay data aged to 2016.
 2) Top Executive pay for LA, SFPUC and Snohomish discounted 15% to account for power utility responsibility.
 3) Top Executive pay with less than four business lines adjusted by 5% per line.
 4) Geographic differentials applied to account for Seattle cost of labor (ERI).

City of Seattle
Seattle Public Utilities Director - Target Organizations
 Without Geographic Differential

Seattle = 1,400 \$800M 1.3M Water, 600K Wastewater

ORGANIZATION	LEVEL	SERVICES	TITLE	BASE PAY	OTHER PAY	TOTAL PAY	# OF EMPS	BUDGET	# OF CUSTOMERS	SOURCE
City of Los Angeles	Top Executive	Water, Wastewater, and Power	General Manager	\$317,766	-	\$317,766	8,800	\$5.5B	4M	Public
City of Los Angeles	Division Head	Water and Wastewater	Senior Asst GM of Water Systems	\$265,840	\$10,748	\$276,588	4,000	\$1.5B	4M	Public
City of Baltimore	Top Executive	Water, Wastewater, Stormwater, and Solid Waste	Director of Public Works	\$171,828	-	\$171,828	14,000 (City Total)	\$1.1B	-	Public
City of Baltimore	Division Head	Water and Wastewater	Acting Bureau Head, Water and Wastewater	\$144,996	\$1,550	\$146,546	1,843	\$340M	1.8M	Public
City of Phoenix	Top Executive	Water, Wastewater, and Stormwater	Water Services Director	\$184,213	-	\$184,213	1,363	\$570M	1.4M	Org
East Bay Municipal Utility District	Top Executive	Water and Wastewater	EBMUD General Manager	\$329,234	-	\$329,234	1,800	\$900M	1.4M	Public
East Bay Municipal Utility District	Division Head	Wastewater	Director of Wastewater	\$220,986	\$15,526	\$236,512	-	-	680K	Public
East Bay Municipal Utility District	Division Head	Water	Director of Water/Natural Management	\$230,774	\$11,656	\$242,430	-	-	1.4M	Public
City of San Diego	Top Executive	Water, Wastewater, Stormwater, and Solid Waste	Deputy Chief Infrastructure/Public Works	\$191,084	-	\$191,084	19,500 (City Total)	\$900M	2M	Org
City of San Diego	Division Head	Wastewater	Metropolitan Wastewater Deputy Director	\$122,075	\$2,423	\$124,498	861	\$394M	2.1M	Org
City of San Diego	Division Head	Water	Water Deputy Director	\$122,129	\$10,762	\$132,891	703	\$484M	1.4M	Org
City of Denver	Top Executive	Wastewater, Stormwater, and Solid Waste	Public Works Executive Director	\$231,993	-	\$231,993	1,100	\$340M	650K	Org
City of Denver	Division Head	Wastewater	Director of Wastewater Division	\$170,000	-	\$170,000	200	-	650K	Org
City of Portland	Division Head	Wastewater	Environmental Services Director	\$199,160	-	\$199,160	520	\$470M	600K	Org
City of Portland	Division Head	Water	Water Bureau Administrator	\$199,160	-	\$199,160	595	\$619M	943K	Org
San Francisco Public Utilities Commission	Top Executive	Water, Wastewater, Stormwater, and Power	SFPUC Manager	\$295,181	-	\$295,181	2,800	\$800M	2.4M	Public
Massachusetts Water Resources Authority	Top Executive	Water, Wastewater, and Stormwater	Executive Director	\$192,855	-	\$192,855	1,161	\$702.5M	2.6M	Public
Massachusetts Water Resources Authority	Division Head	Wastewater	Director, Wastewater Operations & Maintenance	\$140,904	-	\$140,904	-	-	-	Public
Massachusetts Water Resources Authority	Division Head	Water	Director, Waterworks	\$153,422	-	\$153,422	-	-	-	Public
Santa Clara Valley Water District	Top Executive	Water	CEO	\$302,136	-	\$302,136	750	\$525M	1.9M	Org
Snohomish County PUD	Top Executive	Water and Power	CEO	\$318,038	-	\$318,038	972	\$600M	350K	Public
Snohomish County PUD	Division Head	Water	AGM, Water Generation & Corp SVS	\$293,962	-	\$293,962	972	\$600M	350K	Public
DC Water	Top Executive	Water and Wastewater	CEO & General Manager	\$300,300	-	\$300,300	1,100	\$580M	1.3M	Public
Contra Costa Water District	Top Executive	Water	General Manager	\$309,022	-	\$309,022	300	\$140M	500K	Org
Las Vegas Water District/Southern Nevada Water Authority	Top Executive	Water	General Manager	\$298,718	-	\$298,718	1,350	\$1B	2M	Public
El Paso Water Utilities	Top Executive	Water, Wastewater, and Stormwater	CEO & President	\$248,856	-	\$248,856	846	\$183M	645K	Org
Average Top Executive Data Without Geographic Differential				\$263,659		\$263,659				

City of Portland Division Head Pay Range: \$143,312 - \$205,379

Data Not Available:
 Cleveland
 Denver Water
 City of Portland Top Executive (elected position)

Notes: 1) Pay data aged to 2016.
 2) Top Executive pay for LA, SFPUC and Snohomish discounted 15% to account for power utility responsibility.
 3) Top Executive pay with less than four business lines adjusted by 5% per line.