



CITY OF RAPID CITY

RAPID CITY, SOUTH DAKOTA 57701-5035

Human Resources

300 Sixth Street
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To: Legal and Finance Committee
From: Cathy Druckrey, Human Resources Manager
Subject: Difficulties in Hiring Professional Staff – follow-up
Date: February 14, 2007

At the December 12, 2006, Legal and Finance Committee Marcia Elkins presented a list of options that the Human Resources staff should review and bring back additional information and recommendations. The following is a progress report regarding this issue.

1. Increase salary range or advertise for starting at other than Step A-D.

An example of the current language for recruiting is as follows:

SALARY: Non-union salary effective January 1, 2007
Level I Grade 22 Range \$51,626 to \$78,562/yr.
Anticipated starting salary between \$51,626 - \$55,598/yr.

Compensation should not be merely viewed as take home dollars, but should include all aspects of the compensation package, which includes the various benefits such as health insurance, life insurance, and retirement.

The current compensation plan for the City of Rapid City has been negotiated and approved by the City Council. The starting salary or wages for all new employees is Step A on the 18 step scale. For Non-union positions, the employee's starting salary is usually Step A, however, may be between steps A and D with the approval of the Mayor. Starting salaries above step D must be approved by the Council. Numerous factors must be considered prior to the starting salary being set. Such factors include salaries of existing employees and the experience the new employee may bring to the position.

In some technical professions, high demand, high compensation, and low supply of applicants has made recruiting and retention of employees difficult. Consultation with Steve Condrey, Condrey and Associates, on February 5, 2007, 4:20 p.m. indicated that the existing salary structure and practice is appropriate and that there was no need to make any adjustments at this time to the professional positions' entry level salary.



Recommendation: Continue to administer the compensation plan as we are now. Condrey suggested a review of the salaries in 2008.

2. Use bonuses (payable after a certain period of time) to attract candidates;

Recommendation: The Human Resources Manager has researched this and does not recommend this as an option based on the following factors:

- Potential equal pay discrimination claim
- Internal equity between employees in the same position
- A short-term fix that will prolong the hiring of a potential long-term employee

3. Hire professional advertising/human resource firms to advertise positions;

The Human Resources Manager did contact a professional placement and marketing organization. The firm did a review of the City's recruiting efforts for the previous postings for the position of City Engineer. The firm indicated that their recruiting efforts would mirror what had already been done. The City did advertise with the American Society of Civil Engineers. The firm was hired to perform a Resputin "resume mining" for the position of Civil Engineer. Results of the "mining" included three non-qualified applicants. The City provided the company with additional criteria which resulted in only three more potential applicants. No further action was taken with this organization. A copy of their rate structure is attached.

Recommendations:

1. Hire a professional advertising firm to establish a "brand" for the City of Rapid City. In general, the City of Rapid City needs to establish a "brand" that communicates a professional image of the "positives aspects of our progressive and growing community". All employees and elected officials are ambassadors for the City of Rapid City and should promote and project a positive and professional image of the City workplace. The next generation coming into the workforce is seeking "work/life" balance, a positive selling point that Rapid City and the Black Hills Area can provide.
2. A professional recruiting brochure should be produced communicating the employment opportunities and benefits with the City of Rapid City. This generic brochure would be used for all positions for the City of Rapid City, with a supplemental insert that would fully describe the specific vacant position. Additionally, the Human Resources Department would work in conjunction with the Chamber of Commerce and send out a packet about Rapid City and the Black Hills area to each applicant from outside of the area.
3. Update the City's website to be more modern and interactive. The City's website should be updated to include the "brand" and to catch the eye and keep the attention of the potential applicant. A new Human Resource Department page would include more information about employment opportunities with the City, including the benefit package and educational opportunities for those who wish to continue their

education. A salary “calculator” for wage and salary comparison would allow candidates to compare cost-of-living adjustments and promote the fact that South Dakota does not have a personal income tax. A direct link to the Chamber page from our employment page would promote the community. A link to a professionally produced video would allow potential applicants to find out more about Rapid City and our employees. Further research and the implementation of an “on-line application process” should be considered.

4. Hire a head hunter to recruit senior level positions (Division manager level positions and above):

The City hired a head hunter in 2004 to recruit and fill a Department Director level position. The Human Resources Manager performed most of the recruiting as well as coordination of the hiring activities, including the assessment center. The head hunter was paid an amount of \$12,000 plus expenses. The Human Resources Manager has contacted a number of firms across the United States who specialize in “talent acquisition”. The fees for such services are between 25% and 50% of the first year’s salary, plus expenses. Some firms do guarantee the hire, while others do not.

A potential risk of using a headhunter is that the headhunter may include the City’s newly placed employee in the headhunter’s future recruitment efforts elsewhere, placing the new City employee at a new location after serving the City of Rapid City for a period of time. This may decrease the likelihood of the City being able to retain managers.

Recommendation: Headhunters may be hired and paid from the department where the vacancy occurred. Additional information and direction is needed prior to any further action being taken.

5. Create an employee referral program where existing employees get bonuses for identifying new hires that stay a period of time;

The Human Resources Manager has researched the positive and negative effects of creating and implementing an employee referral program. One of the negative aspects of this type of a program is the perception that the new employee got hired “*because they are the relative of a current employee*” or “*knew someone to get hired*”, which may have more of a negative effective than a positive.

Recommendation: All information obtained indicated that implementation of such a program needs to be fully reviewed and considered prior to implementation. The Human Resources Manager does not recommend establishing a bonus for employee referrals.

6. Use career fairs to increase exposure to market;

The Human Resources Department has participated in the local Black Hills Regional Job Fair since 1998. The Black Hills Regional Job Fair, which hosts nearly 2000 individuals seeking employment, has been beneficial to recruiting applicants.

The Department has participated at job fairs at the School of Mines and Technology, Chadron State College, Black Hills State University, and Western Dakota Technical Institute. The educational institution job fairs did not provide the return of applicants anticipated.

Recommendation: Continue to participate in job fairs and seek out and participate at new job fairs that may be source for potential qualified applicants for professional positions.

7. Review current relocation package provisions;

The current policy reads:

“Interview expenses will be allowable to the prospective employee at the discretion of the Mayor or applicable Board and will not exceed out-of-state rates. Moving expenses will be allowable at the discretion of the Mayor or applicable Board and will be limited to the costs of the mover, including packing and packing materials, verified by receipt; plus mileage, meals and lodging expenses for the employee and his family on the date of the move. Meal expenses will not exceed out-of-state rates and lodging will not exceed out-of-state rates and shall be verified by receipt. In no event shall the costs of interview and moving expenses exceed one month’s salary for the position, without express approval of the Council.”

The Human Resources Manager has researched this provision and finds that the current practice of the City is similar to other cities such as Sioux Falls and Minneapolis.

Recommendation: Continue with the existing policy. If additional reimbursement for moving expenses is necessary, the policy provides the Council the opportunity to approve additional funds if necessary.

8. Review on-line posting sites to determine if additional sites should be used;

The Human Resources Manager currently advertises vacancies to a “target market” specific to the professional position. For example, Engineering positions are posted in the City usual locations, as well as on-line websites for: National Society of Professional Engineers, CivilEngineering.com, and the American Society of Civil Engineers.

Recommendation: Survey the current employees in the department for which the vacancy exists and request the current website addresses their profession frequents.

9. Review frequency of performance reviews and evaluations.

The City recommends that employee performance evaluations be conducted on an annual basis. An employee exit interview form has been drafted and is pending review by Department Directors.

Recommendations: Continue with the existing policy regarding employee performance evaluations and implement a uniform and consistent exit interview process with employees who are leaving the employment of the City of Rapid City.

I would be happy to discuss any questions you may have regarding this information, please contact me at 394-4137.

Attachment