



Joint Compensation Study Findings and Recommendations

Date: September 25, 2018
To: Davidson Board of Commissioners
From: Jamie Justice, Town Manager

1. OVERVIEW

To ensure the Town of Davidson is competitive with municipalities in the Charlotte Region, a pay study was included in the FY 2018-19 budget. The last pay study was conducted in 2015 and the town's strategy, and a human resource best practice, is to complete a pay study every three years. Staying competitive allows the Town of Davidson to recruit and retain high performing employees that provide services to the citizens.

A collaborative effort was made between the towns of Huntersville, Cornelius, and Davidson to collect and analyze data from 20 local communities. This provided us access to more comprehensive information and reduced costs. Human Resource consultant Susan Manning was selected to conduct the study on behalf of the three towns.

Purpose:

To complete a total compensation study for the three towns to ensure that salaries, pay ranges and benefits (including incentives) are competitive with the external labor market in order to meet the current and future business needs of the towns for attracting and retaining well-qualified and high performing employees.

Methodology:

- Develop a salary survey to collect the average actual salaries being paid in the market and the salary ranges for 43 job classifications most commonly used in local government in the region;
- Calculate market rate for each job class using actual salaries being paid in the market;
 - Determine **Mean** – Mean is the average of all the actual salaries being paid in the market surveyed for that particular job class. This is the market rate and should align to the midpoint of the salary range for the job class.
 - Determine **Median** – Median is the middle point of the salaries being paid in the market surveyed; so half are being paid below and half are being paid above the Median.
- For some job classes, calculate an **adjusted market rate**; usually this means eliminating from the market calculation, data that tends not to be a good match and may skew the data (e.g. Management positions for Charlotte or Mecklenburg County);

- Compare midpoint of the Town's current salary ranges to the market rate to determine if Town's ranges are above, below or competitive with the market;
- Compare current actual salaries with market/median to determine if employees are being paid competitively.
- Compare employee benefits that the Town offers to those offered in the market to ensure that benefits are competitive and support recruiting and retaining employees.

Attached to the agenda is an overview, list of benchmark communities and presentation by Susan Manning.

2. RELATED TOWN GOALS

Strategic Plan:

Operations Goal: Davidson will maintain organizational excellence through sound financial management, training and retention of quality employees, and superior service to the community.

Tactical Priority: Sound financial management; Action step 1.5: Review staffing, pay, and benefits levels.

Partnerships Goal: The town of Davidson will build on existing relationships to strengthen partnerships with strategic organizations and institutions.

Core Value(s):

- Citizens entrust town government with the stewardship of public funds, so government will provide high quality services at a reasonable cost.
- Davidson exists in proximity to and is interdependent with other jurisdictions, so we strive for local, regional, state and federal cooperation.

Constituents served:

All Davidson Citizens

3. OPTIONS/PROS & CONS

- Move the Pay Plan (most salary ranges) up by 5%;
- Adjust some ranges by 10% based on market data;
- Make market adjustments for employees whose salaries are more than 5% below the midpoint;
- Increase hourly rate for part-time Fire positions;
- Adjust Police salary ranges and provide flexibility to Police Chief to hire at higher minimum salary for Police Officers;
- Reclassify the PIO & Recreation Program Manager positions.
- Establish a hiring rate for Police Officers above the minimum;
- Budget adequately for Police positions so the Chief can consider lateral entry candidates with experience;
- Provide a 5% increase after 12-month probationary period for Police Officers;
- Provide a regular hourly pay increase for part-time Fire;
- Review pay plan annually as part of the budget process;
- Adjust pay plan more frequently & fund market + merit increases
- Conduct market studies every 2-3 years

4. FYI or RECOMMENDED ACTION

Consider approval of recommended changes.

5. NEXT STEPS

Staff will implement any changes approved by the Board.