

## BOARD OF ALDERMEN

ITEM NO. E(3)

### AGENDA ITEM ABSTRACT MEETING DATE: December 11, 2001

**TITLE:** Report from the Compensation Subcommittee

<b>DEPARTMENT:</b> n/a	<b>PUBLIC HEARING:</b> YES ____ NO <u>x</u>
<b>ATTACHMENTS:</b> A. Report from Compensation Subcommittee	<b>FOR INFORMATION CONTACT:</b> Aldermen Diana McDuffee, Joal Hall Broun or Mark Dorosin

#### PURPOSE

The purpose of this item is for the Mayor and Board of Aldermen to receive a report from the Compensation Subcommittee.

#### INFORMATION

At the conclusion of the 2001-02 Budget discussions, the Board requested an opportunity to discuss their concerns about the Town's pay plan. At the August 14<sup>th</sup> meeting of the Board of Aldermen, Board members suggested the following ideas be considered:

- When hiring for positions, compensate experienced staff appropriately
- Determine how quickly one moves through steps
- Examine idea of removing departments heads from the pay plan, evaluations should be goal-oriented, salary increases should be merit-based only
- Simplify pay plan
- Consider the financial reality when funding the pay plan
- Maximum effort should be put into base pay and merit pay with an examination of all benefits and compensation and weigh them for a cost benefit
- Establish a livable wage for all employees
- Percentage of salary that goes towards benefits-- employees to choose benefits (including non-traditional benefits)
- Support of career development (mentoring)
- Review duplication of functions (include in management audit) and compensate fairly for the job performed
- How compression affects different employees, what is the Town doing to contribute to compression and what can be done to avoid it (look at Chapel Hill's policy)
- Review pros and cons of merit pay given on anniversary date
- Review of longevity pay, how effective is it in regard to the amount and when it is given
- Identify other models that address compression and other pay issues
- Is it possible to explain the limitations on any pay plan that is developed—not only financial but other limitations that may be a reflection of the Town's size (opportunities for promotions, etc.)

At that same meeting, the Board established a subcommittee consisting of Aldermen McDuffee, Broun and Dorosin to categorize the list of goals for the Board's further review.

At the August 21<sup>st</sup> meeting of the Board of Aldermen, the Board received a report from the Compensation Subcommittee and continued its discussion on the development of a compensation policy for the Town.

At the September 4<sup>th</sup> meeting of the Board of Aldermen the Board requested that the Compensation Subcommittee discuss replacement of the pay grid with pay ranges, adjustment of salaries when ranges are adjusted, and whether reaching the mid-point is a valid goal.

The Compensation Subcommittee has met and has prepared the attached report for the Board's consideration.

#### ADMINISTRATION'S RECOMMENDATION

The administration recommends that the Board receive the report from the Compensation Subcommittee.