

## PAY PLAN COMMITTEE INTERIM REPORT

After the initial committee report, the Board requested that the committee focus initially on three of the broad issues identified and to work on narrowing the specific information we will need from staff on those items. By way of review, the three broad categories selected for primary attention at this time are:

**A) Compensate experience appropriately.** Also discuss/review why this has not been the case in the past and implications (#1)

**B) Evaluate the basic structural elements of the pay plan.**

1. Simplify the pay plan. (#4)
  - a) Why are there so many steps?
  - b) What is the basis of relying on the mid-point, and how has doing so affected employee recruitment, retention, and morale?
2. How quickly should employees move through the plan? (#2)
3. Raises and Reclassifications
  - a. Examine types of raises (merit, COLA, market analysis) and their effects on recruitment, retention, compression, and fiscal feasibility of pay plan
  - b. Examine methods of giving raises (percentage, flat amount, bonus, base pay) and their effects on recruitment, retention, compression, and fiscal feasibility of pay plan.
  - c. Review living wage ordinance and related issues (temp workers, organizations that contract with the Town (#7)

**C) Review Organizational/ Management Structure in the Pay Plan Context**

1. Examine removing Dept.Heads from pay plan and moving to a specific, goal-oriented evaluation and merit pay system only (#3)
2. Support career development and mentoring (#9)
3. Review for duplication of functions, positions classifications and grades, and compensate appropriately (#10)

**Item A:** This was discussed in some detail during the last budget cycle. The Manager has indicated that, in light of the Board's concerns about this matter, all Department head would be given the power to consider and compensate experience when making hiring decisions and recommendations. The Board may wish to formalize this principle however, and an advantageous opportunity to do so ties in with the action recommended under Item C below.

**Item B:** Given the sweeping nature of this item the committee recommends first examining the questions of raises and reclassifications, specifically studying the relative costs and benefits of the types and methods of giving raises (3a and b). The committee proposes that it work with staff to look at comparative costs, fiscal and otherwise, of our past practice (partial implementation of the market study, plus COLA and merit raises) with other alternatives (e.g. full implementation of market study, with or without other salary increases). This analysis will help determine the most cost effective way to keep salaries consistent with the market. A second component of this analysis will look at whether our COLA increase in fact reflects the rate of inflation and also at

the relative merits of a flat amount increase, a flat percentage increase and a sliding scale increase for COLA and merit raises.

**Item C:** The committee recommends further study of the removal of the Department Heads from the pay plan matrix. This will help more accurately reflect the impact of the salary adjustments for the general staff. In addition, it gives the manager and the board more flexibility in evaluating and considering the needs of specific departments.

Department heads would of course still be eligible to receive annual salary increases. They would not automatically receive the same across the board percentage as the entire staff however. Instead, each Department head would be individually evaluated by the manager on a set of specific criteria established by the manager and the board. These criteria could be a mixture of system wide goals for all departments and individualized goals specifically tailored to current identified needs within each department. Among the general goals could be the department's progress in hiring and properly compensating experienced employees (see item A). The manager would conduct the evaluations and base his decisions for salary increases on those evaluations. The manager's administration of this process would then be one of the factors to be considered by the Board in its evaluation of the manager.

In order to move this process along and to maximize staff time and resources, the committee recommends that it begin to work with staff on these items to develop the next level of details and information for Board review.