

**BOARD OF ALDERMEN**

**ITEM NO. B(1)**

**AGENDA ITEM ABSTRACT**

**MEETING DATE: March 9, 2004**

**SUBJECT: Developing a Compensation Philosophy and Transitioning to a Pay for Performance Plan**

<b>DEPARTMENT: Personnel</b>	<b>PUBLIC HEARING: YES ___ NO <u>x</u></b>
<b>ATTACHMENTS:</b> <b>A. Resolution</b> <b>B. Compensation Philosophies</b>	<b>FOR INFORMATION CONTACT:</b> <b>Steven Stewart, 918-7315 or</b> <b>Desiree White, 918-7321</b>

**PURPOSE**

The purpose of this item is to facilitate a discussion with the Board to determine its values as related to compensation and to assist the Board in developing a compensation philosophy to incorporate into the Town's future pay for performance plan.

**INFORMATION**

During the Board retreat on Sunday, February 15, the manager and staff presented to the Board some steps to transition the Town to a pay for performance plan. One of the first steps included was the development of a compensation philosophy. After a brief discussion, the board suggested that a checklist of items to review might be helpful in its consideration of a philosophy. However, in retrospect, the manager and staff felt that a facilitator could lead the board more effectively through this discussion while providing any information that the board needed.

Staff solicited the assistance of Becky Veazey, Consultant of the Management and Personnel Services (MAPS) Group. Becky has been asked to assist the Board in identifying its philosophy by educating them on the four components of compensation (*class and range revisions; annual market adjustment; merit/performance pay; and longevity pay*) and have the Board to discuss and rank these components in order of importance. These steps will provide direction to the Manager and staff on how to apply funding with the Town's proposed pay for performance plan.

Attached are compensation philosophies from two North Carolina municipalities.

**ADMINISTRATION'S RECOMMENDATION**

The administration recommends that the Mayor and Board of Aldermen develop a compensation philosophy for the Town of Carrboro.