



To: Mayor & Council
From: Passion Hayes, Director of Human Resources
Through: Lea Dunn, City Manager
Re: Proposed Compensation Philosophy
Date: July 2, 2014

Over the last few months, Council has gone through a process of discussing and considering a proposed compensation philosophy. Our goal was to facilitate a discussion that would enable Council to adopt a philosophy that would accomplish three objectives:

- 1) Define the Town's competitive set – similar cities that the Town competes with to recruit top talent
- 2) Define the Town's market position regarding salaries – 50% percentile or the average of the competitive set, lead and lag the market in salaries
- 3) Define a process where employees can move through the salary ranges

Our recommendation is to plan for compensation or pay plan maintenance in a similar manner as we do with our IT replacement fund and other capital improvement projects. By doing so, Council will have the ability to ensure that the process is sustainable, that there is a more methodical approach to compensation while demonstrating to our employees that they are critical to the success of the organization.

By adopting the proposed compensation philosophy it will allow us to continue to attract the best employees by ensuring that our pay ranges are competitive. It will also allow us to retain our best talent and not become a training community where employees can gain experience and then move on to another comparison city. Lastly, it will allow us to communicate to our employees an adopted compensation philosophy that if they successfully perform their jobs they will have the opportunity to move through the various salary ranges.

Attached is the proposed compensation philosophy presented by staff on June 16, 2014. We have also attached the Mayor's proposed compensation philosophy.

If you have any questions, please let us know.