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## AGENDA

### SPECIAL MEETING AND WORK SESSION OF THE CITY COUNCIL

6:00 PM

SEPTEMBER 10, 2012

ADDISON TOWN HALL, 5300 BELT LINE, DALLAS, TX 75254

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Item #S1 **PUBLIC HEARING** on a proposal to increase total tax revenues from properties on the tax roll in the preceding tax year by 11.22 percent (percentage by which proposed tax rate exceeds lower of rollback tax rate or effective tax calculated under Chapter 26, Tax Code).

Item #S2 **PUBLIC HEARING** regarding the Town of Addison's Annual Budget and proposed tax rate for the Fiscal Year ending September 30, 2013.

Item #S3 Discussion and consideration of approval of an employee compensation policy and pay plan.

Attachment(s):

1. Compensation Plan Recommendation
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## Adjourn Meeting

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Posted:  
Chris Terry, 9/7/2012, 5:00 PM

**THE TOWN OF ADDISON IS ACCESSIBLE TO PERSONS  
WITH DISABILITIES. PLEASE CALL (972) 450-2819 AT LEAST  
48 HOURS IN ADVANCE IF YOU NEED ASSISTANCE.**

## Council Agenda Item: #WS3

**AGENDA CAPTION:**

**PUBLIC HEARING** on a proposal to increase total tax revenues from properties on the tax roll in the preceding tax year by 11.22 percent (percentage by which proposed tax rate exceeds lower of rollback tax rate or effective tax calculated under Chapter 26, Tax Code).

**FINANCIAL IMPACT:**

N/A

**BACKGROUND:**

N/A

**RECOMMENDATION:**

N/A

**COUNCIL GOALS:**

Mindful Stewardship of Town Resources

**ATTACHMENTS:**

Description:

Type:

No Attachments Available

## Council Agenda Item: #WS4

**AGENDA CAPTION:**

**PUBLIC HEARING** regarding the Town of Addison's Annual Budget and proposed tax rate for the Fiscal Year ending September 30, 2013.

**FINANCIAL IMPACT:**

N/A

**BACKGROUND:**

A Public Hearing is provided to hear any comments from the public regarding the Fiscal Year 2013 Budget.

**RECOMMENDATION:**

N/A

**COUNCIL GOALS:**

N/A

**ATTACHMENTS:**

Description:

Type:

No Attachments Available

## Council Agenda Item: #WS6

**AGENDA CAPTION:**

Discussion and consideration of approval of an employee compensation policy and pay plan.

**FINANCIAL IMPACT:**

n/a

**BACKGROUND:**

n/a

**RECOMMENDATION:**

**COUNCIL GOALS:**

N/A

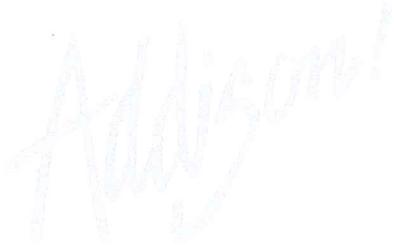
**ATTACHMENTS:**

Description:

 [Compensation Plan Recommendation](#)

Type:

Backup Material



# MEMO

**To:** Honorable Mayor & Council  
**From:** Passion Hayes, Director of Human Resources  
**Through:** Ron Whitehead, City Manager  
Lea Dunn, Deputy City Manager  
**Re:** Compensation Plan Recommendation  
**Date:** September 6, 2012

As you will recall, the Town of Addison contracted with Waters Consulting to conduct a comprehensive total compensation study. The data reflected that the Town has lost ground for public safety and exempt level positions and lags the market by an average of 8%. However, non-exempt level positions overall were comparable to market.

Based upon the data provided and discussions over the last few weeks, staff is recommending the following:

1. Council adopt a compensation philosophy and implement a system that defines clearly how an employee will progress through the pay range
2. Conduct a review of the pay ranges every three years by an outside consultant
3. Direct pay for all salaries be set at 95% of the market mid point average of comparable public sector cities that the Town competes against for employee talent
4. Provide comparable benefits to employees based upon our competition for employee talent in the public sector

Attached is a draft compensation philosophy for Council to consider. Staff recommends approval.

# TOWN OF ADDISON

## COMPENSATION PHILOSOPHY

### **Philosophy Statement:**

The compensation philosophy of the Town of Addison is to attract, retain, and motivate qualified employees by offering total compensation that is comparable to our defined market, is easily understood, and recognizes that we are responsible stewards of our finite resources. It is how we value our employees while being accountable to our citizens.

### **Total Compensation** is defined as:

- Direct pay, which is comprised of wages and salaries (base pay);
- Benefits, including but not limited to, health/life insurance, retirement, workers compensation, and paid leave; and
- Merit pay based on employee performance.

The Town of Addison will make funding decisions for each of these components to establish the total compensation for employees. The Town of Addison will consider its philosophy statement as well as underlying assumptions and principles to determine funding and design for each of the total compensation components so that the overall compensation package is competitive. This approach allows the Town of Addison to look at each key component and determine its relationship to the comparable market so that the overall compensation package is competitive.

# TOWN OF ADDISON

## COMPENSATION PHILOSOPHY

Our Underlying Assumptions and Principles are:

- Providing total compensation that is comparable to what an employee could receive in our defined market, thus allowing the organization to attract and retain quality employees;
- Providing a plan that articulates clearly pay progression
- Establishing competitive ranges and pay by comparing range midpoints and incumbent salaries to market average data;
- Utilizing actual weighted average salaries that have been adjusted for regional differences;
- Providing affordable benefits that meet the general needs of employees while focusing on options to control costs;
- Balancing compensation needs with the organization's available funding;
- Considering additional options to encourage high levels of job performance and reward/recognize exemplary individual performance;
- Focusing on employee growth, motivation, and performance through professional development and training;
- Recognizing employees' value and contributions to the Town of Addison;
- Providing for successful recruitment of new employees by remaining competitive in our total compensation package;
- Providing flexibility to respond to market changes;
- Clearly communicating values to employees; and
- Ensuring the system is readily understood and easily administered.

# TOWN OF ADDISON

## COMPENSATION PHILOSOPHY

**Market** definition is a key policy within the Town of Addison's philosophy and provides direction on what is the appropriate labor market to use for comparative purposes for these components of compensation. Market is generally an identified group of employers with which the organization compares. While there is no "right or wrong" market definition, factors that should be considered in selecting a labor market for survey purposes include the following:

- Employer size and complexity – As a rule, the more similar employers are in size and complexity, the greater the likelihood that comparable positions exist within both organizations. Specifically, organizations of a size and complexity similar to that of the Town of Addison are more likely to have a departmental structure and an organization of positions similar to that of the Town of Addison than are organizations significantly smaller or larger in size. Three specific indicators of size and complexity include population served, budget size, and number of employees.
  
- Geographic proximity – The geographic proximity of potential survey employers should also be considered in identifying an organization's labor market. This factor is particularly important because it identifies those employers that directly compete with the Town of Addison to recruit and retain personnel. Furthermore, by selecting employers within reasonably close geographic proximity, the resulting labor market is most likely to be reflective of the region's cost of living, growth rate, and other demographic characteristics.
  
- Nature of services provided – The type and scope of services provided may also be used to determine an organization's labor market. Logically, employers that provide similar services are more likely to compete with one another for talent and are most likely to have comparable positions and similar organizational structure.
  
- Other entities the Town of Addison would like to emulate based upon desired characteristics, such as best practices and compensation policies that support long-term fiscal sustainability.