

Market Study & Pay Plan Update

January 26, 2021

The logo for ADDISON, featuring the word "ADDISON" in a bold, blue, sans-serif font centered within a white circle. The circle is set against a blue background that is part of a larger graphic design on the right side of the slide, which includes a white diagonal line and a grey triangular corner.

On August 6, 2020, Council directed Staff to conduct a Market Study, come back to Council with the study findings, and provide recommendations for Council discussion.

Total Employee Compensation

As we begin this discussion, it is important to acknowledge that the total employee compensation costs include an employee's pay, health care benefits, retirement benefits, and more.

Tonight's discussion focuses on the employee pay component through a Market Study.



Introduction of Matt Weatherly with Public Sector Personnel Consultants

- Joined PSPC in 1999, President/Owner since 2006
- Firm specializes in classification and compensation for cities
- Current and recently implemented studies include those for Dallas, Irving, Frisco, Allen, Plano, Prosper, Fairview, University Park, Highland Park, Bedford and Grand Prairie

Comparison Cities



Pay Plan – Formal job descriptions and pay ranges used for hiring, placement, and administration of employee salaries.

Actual Salaries – the amount employees are paid based on performance and experience.

Prevailing Rates – the medians and averages of pay ranges and/or actual salaries found in the market.

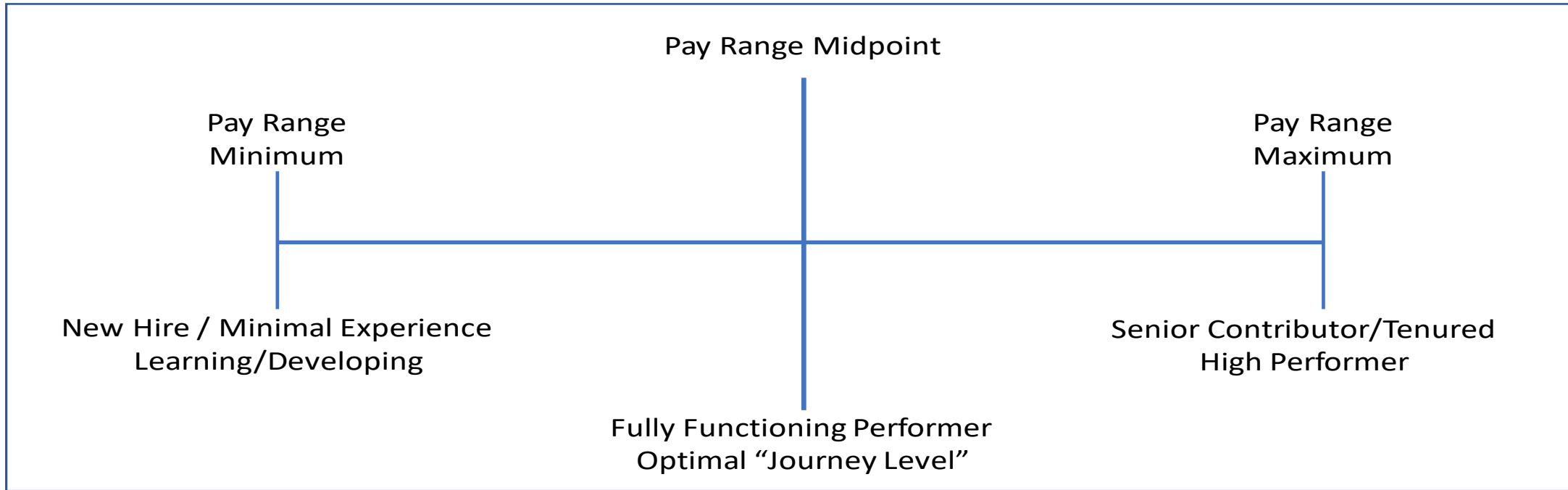
Key Definitions

Market – Cities we compete with to attract and retain staff; AND the average value of a pay range assigned to like jobs in those cities. “Market” value of jobs varies based on supply and demand for talent.

Merit – Salary increase provided to employees based on objectively evaluated employee performance.

COLA and Steps – Cost of Living or Step Increases, in other cities, are common methods of adjusting employee salaries (that may not be performance based).

Anatomy of a Pay Range



- Public Safety tends to only hire at entry
- Civilian tends to be more flexible in hiring placement based on experience
- Addison moves employees within the adopted ranges based on merit

Adopted Compensation Philosophy

The purpose of the merit and market pay plan is threefold:

To encourage excellence in service by tying salary increases to job performance;

To reward employees for their efforts and job performance and;

To remain competitive with other metroplex cities in regards to the Town's compensation program by paying employees **better than the average** of our comparison cities.

We support an **open range system** in compliance with our compensation philosophy. We will annually budget for market and merit adjustments for compensation that are fair and sustainable.

“Better Than Average”

The Town performs regular market studies to determine the competitive position of its pay ranges.

Pay ranges are adjusted to market +1%.

Employee salaries are adjusted if their range moves in the market.

Actions Completed

- Market Survey – Collection of Pay Plan Data
- Pay Plan Updating and Cost Projections
- Implementation Strategies

Survey Example



Addison Job Class	Survey Job Class	Participant Organization	Annual (sorted by Entry Rate)		
			Min	Mid	Max
Police Officer					
	Police Officer	Allen	\$77,120	\$83,887	\$90,654
	Police Officer	Plano	\$71,759	\$82,997	\$94,235
	Police Officer	Flower Mound	\$69,451	\$76,180	\$82,909
	Police Officer	Lewisville	\$68,854	\$77,923	\$86,991
	Police Officer	McKinney	\$68,297	\$78,409	\$88,520
	Police Officer	Frisco	\$68,130	\$79,815	\$91,501
	Police Officer	Richardson	\$67,272	\$75,774	\$84,276
	Police Officer	Irving	\$66,324	\$77,580	\$88,836
	Police Officer	University Park	\$66,206	\$75,348	\$84,490
	Police Officer	Farmers Branch	\$65,582	\$75,494	\$85,405
	Police Officer	Coppell	\$65,112	\$75,426	\$85,740
	Police Officer	Carrollton	\$64,831	\$77,248	\$89,665
	Police Officer	Addison	\$61,926	\$71,363	\$80,800
	Police Officer	Grapevine	\$60,299	\$70,980	\$81,661
		Average Entry and Top:	\$67,634	\$77,466	\$87,299

(average excludes Addison)



Survey Example

Addison Job Class	Survey Job Class	Participant Organization	Annual (sorted by Entry Rate)		
			Min	Mid	Max
Firefighter/Paramedic					
	Firefighter w medic add	Allen	\$77,235	\$82,196	\$87,157
	Firefighter	Plano	\$71,162	\$78,381	\$85,599
	Firefighter/Paramedic	Frisco	\$70,162	\$78,971	\$87,781
	Firefighter	Lewisville	\$67,586	\$74,863	\$82,139
	Firefighter	McKinney	\$65,503	\$73,431	\$81,358
	Firefighter w medic add	Richardson	\$65,088	\$73,614	\$82,140
	Firefighter	Carrollton	\$65,031	\$71,661	\$78,291
	Firefighter (para required)	Farmers Branch	\$64,986	\$71,987	\$78,987
	Firefighter/Paramedic	Coppell	\$63,833	\$72,524	\$81,214
	Firefighter/EMT	University Park	\$63,085	\$71,793	\$80,501
	Firefighter	Flower Mound	\$62,616	\$72,138	\$81,660
	Firefighter/Paramedic	Addison	\$61,926	\$71,363	\$80,800
	Firefighter	Irving	\$61,188	\$73,512	\$85,836
	Firefighter/Paramedic	Grapevine	\$58,552	\$68,916	\$79,280
	Average Entry and Top:		\$65,848	\$74,153	\$82,457

(average excludes Addison)

Survey Example

Addison Job Class	Survey Job Class	Participant Organization	Annual (sorted by Entry Rate)		
			Min	Mid	Max

Utility Supervisor-Line Maintenance

Water/WW Utility Supervisor	Coppell	\$62,026	\$75,972	\$89,918
Water Utilities Supervisor	McKinney	\$58,563	\$73,204	\$87,845
Utility Maintenance Supervisor	Irving	\$57,960	\$69,840	\$81,720
Maintenance Supervisor	University Park	\$56,297	\$69,486	\$82,674
Maintenance Supervisor	Carrollton	\$54,842	\$65,812	\$76,781
Pump Station Supervisor	Farmers Branch	\$53,872	\$67,350	\$80,829
Utility Field Operations Foreman	Grapevine	\$53,747	\$64,490	\$75,234
Utility Line Supervisor	Plano	\$53,384	\$65,382	\$77,380
Field Service Supervisor	Richardson	\$53,100	\$65,646	\$78,192
Foreman - Utilities	Lewisville	\$52,913	\$58,893	\$64,873
Utility Operations Supervisor	Frisco	\$52,238	\$65,127	\$78,017
Utility Line Maintenance Supervisor	Flower Mound	\$51,522	\$62,265	\$73,008
Foreman-Water & Wastewater	Allen	\$51,065	\$62,556	\$74,048
Utility Supervisor - Line Maintenance	Addison	\$50,998	\$63,748	\$76,497

Averages \$54,733 \$66,617 \$78,501

(average excludes Addison)



Survey Example

Addison Job Class	Survey Job Class	Participant Organization	Annual (sorted by Entry Rate)		
			Min	Mid	Max

Building Inspector, Senior

Building Inspector III	University Park	\$59,112	\$72,960	\$86,808
Combination Building Inspector, Senior	McKinney	\$56,260	\$66,541	\$76,822
Senior Building Inspector	Richardson	\$55,188	\$65,550	\$75,912
Chief Building Inspector	Lewisville	\$54,344	\$64,303	\$74,261
Senior Building Inspector	Irving	\$52,560	\$63,342	\$74,124
Senior Building Inspector	Carrollton	\$51,524	\$61,641	\$71,758
Building Inspector, Senior	Plano	\$50,841	\$62,263	\$73,685
Building Inspector II	Flower Mound	\$49,046	\$58,854	\$68,661
Building Inspector II	Grapevine	\$48,734	\$58,500	\$68,266
Senior Building Inspector	Allen	\$48,630	\$59,571	\$70,512
Senior Building Inspector	Frisco	\$48,579	\$60,566	\$72,553
Building Inspector, Senior	Addison	\$48,570	\$60,713	\$72,854
No Match	Coppell			
No Match	Farmers Branch			

Averages \$52,256 \$63,099 \$73,942

(average excludes Addison)



High Level Overview of Findings

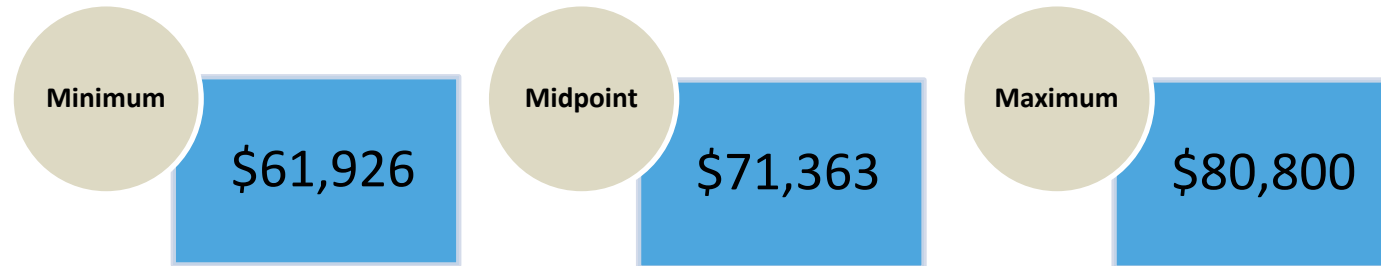
Market Range Comparisons For Police And Fire

Rank	Market Variance	
	Entry	Top
Firefighter/Paramedic	-5.96%	-2.01%
FEO/Paramedic	-2.05%	-4.83%
Fire Lieutenant	-9.16%	-4.08%
Fire Captain	-5.05%	-4.05%
Battalion Chief	-5.86%	-4.03%
Fire Marshal	-4.10%	-2.21%
Deputy Fire Chief	1.88%	-9.14%
Police Officer	-8.44%	-7.44%
Police Sergeant	-9.29%	-6.75%
Police Lieutenant	-10.34%	-10.44%
Police Captain	-4.61%	-6.24%
Assistant Police Chief	-0.32%	-9.23%

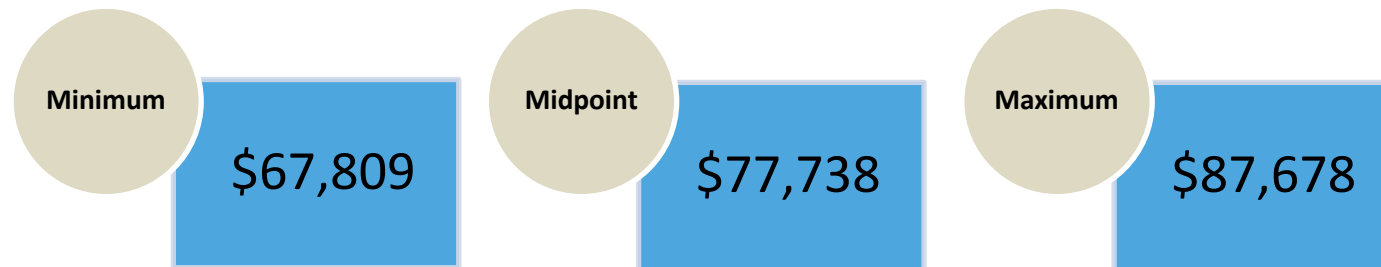
Market Range Comparisons Found For 70+ Civilian Job Titles

<u>Relationship to Prevailing Rates</u>	<u>Benchmark Job Classes</u>	<u>% of Sample</u>	<u>Average Variance</u>
Below	16	23%	- 8.54%
Comparable	45	63%	- 1.33%
Above	10	14%	+ 7.28%

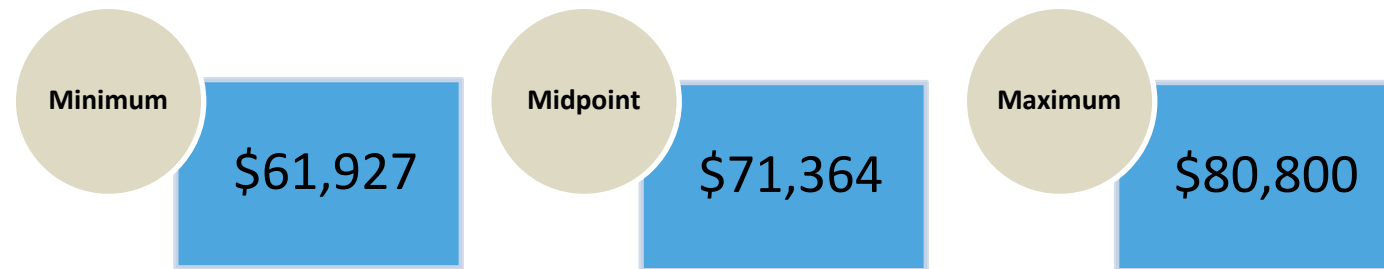
Current Police Officer Range



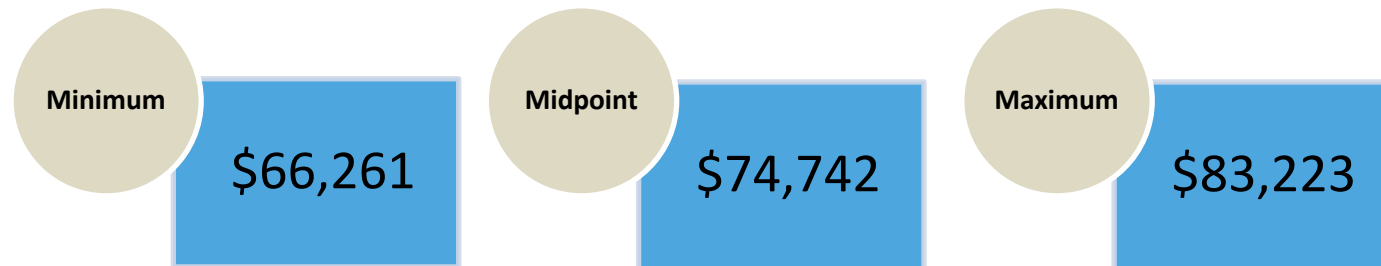
Proposed Police Officer Range



Current Firefighter/Paramedic Range



Proposed Firefighter/Paramedic Range



- Adjust Pay Ranges and Salaries for Sworn Police and Fire Positions to reflect a position of market + 1%
- Adjust Pay Ranges and Salaries for Civilian Positions to reflect a position of market + 1%
- Focus: Balance Market Position and Internal Equity
- Pay 2% merit increase based on Fiscal Year 2020 Performance
- Implement on a go-forward basis

Costing (Fully Loaded) – “1% Above Market”

- Civilian annual cost estimated - \$594,586
- Police annual cost estimated - \$602,589
- Fire annual cost estimated - \$383,069
- Total Annual Cost - \$1,580,244
- Total Fiscal Year 2021 Cost - \$1,122,940
 - Market - \$773,802
 - Merit - \$349,138
- Fiscal Year 2021 Merit Budget - \$512,000
- Additional Funds Needed in Fiscal Year 2021 - \$610,940

Market Study Financial Impact

	2021E	2022F	2023F	2024F	2025F
GENERAL FUND COMPENSATION IMPACT including benefits:					
MERIT INCREASE IMPACT (1% FY 2022, 2% THEREAFTER)*	(137,972)	214,296	432,879	441,536	450,367
IMPACT OF MARKET ADJUSTMENT	689,909	306,627	-	-	-
TOTAL	551,937	520,923	432,879	441,536	450,367
COMPENSATION ADJUSTMENT (FY 2021 - 2022)					
GENERAL FUND (100)	689,909	306,627	-	-	-
HOTEL FUND (110)	12,615	5,607	-	-	-
AIRPORT FUND (120)	29,527	13,124	-	-	-
ECONOMIC DEVELOPMENT FUND (130)	9,504	4,224	-	-	-
STORMWATER FUND (140)	7,374	3,277	-	-	-
BOND FUND (400)	872	388	-	-	-
UTILITY FUND (610)	24,001	10,668	-	-	-
TOTAL	773,802	343,915	-	-	-

*A 2% merit pool was budgeted in FY 2021, however due to the timing of the proposed adjustments being effective with the payroll beginning after council action, there would be approximately \$138k in savings in the General Fund that may be applied to pay for the market adjustment.

Long Term Planning Model Assumptions

PROPERTY TAXES

- FY2022 no new revenue tax rate; \$80 million in new properties estimated
- FY2023 – FY2030 3.5% growth in taxable property values and revenue

SALES TAXES

- FY2022 – FY2030 3% growth in collections

ALCOHOLIC BEVERAGES TAXES

- FY2022 – FY2030 3% growth in collections

LICENSE & PERMIT FEES

- FY2022 – FY2030 2.6% growth in line with inflation & population growth

PERSONNEL COSTS

- FY2022 1% merit pay increase, further reallocation of positions across funds
- FY 2023 – FY2030 2% merit pay increase

HEALTH BENEFITS

- FY2022 – FY2030 5% increase

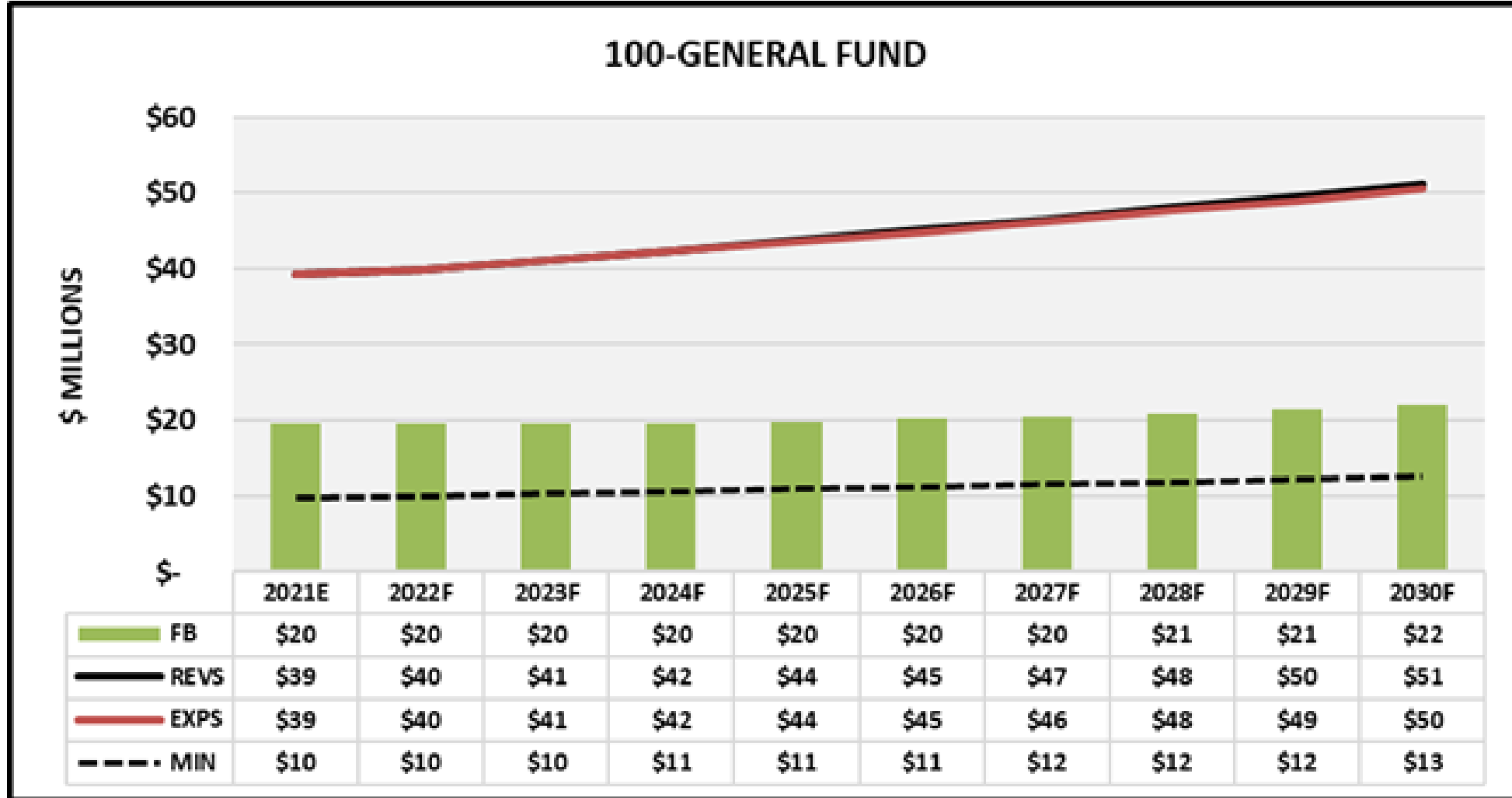
OTHER OPERATING COSTS

- FY2022 same as FY2021 except for adding Addison Circle Park Maintenance
- FY2023 – FY2030 2.6% growth in line with inflation & population growth

Long Term Planning Model

		2021E	2022F	2023F	2024F	2025F
100-GENERAL FUND	1-REVENUES	39,300,724	39,846,258	41,096,953	42,390,371	43,728,067
	2-EXPENDITURES	39,281,773	39,845,203	41,040,559	42,271,776	43,539,929
	NET OPERATING	18,951	1,055	56,393	118,594	188,136
	3-TRANSFERS IN	-	-	-	-	-
	4-TRANSFERS OUT	710,950	-	-	-	-
	5-CAPITAL	-	-	-	-	-
	FUND BALANCE	19,507,723	19,508,778	19,565,171	19,683,765	19,871,901
EXP - .25	POLICY MINIMUM BALANCE	9,820,443	9,961,301	10,260,140	10,567,944	10,884,982
	OVER/(UNDER) MINIMUM	9,687,279	9,547,477	9,305,031	9,115,821	8,986,919

Long Term Planning Model



- **Compensation Philosophy**
 - Fair
 - Sustainable
- **Comparator Cities**
- **Total Compensation Context**

