

## Memorandum

To: Myersville Mayor and Council

From: Kristin B. Aleshire, Myersville Town Manager

Date: May 8, 2023

**RE: Employee Compensation Analysis 2023**

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### Subject

As the need for Town personnel evolve and the regulatory and market conditions of employment change, it is important to review these conditions and compare the wages and benefits of surrounding local government as it relates to operations for the Town of Myersville. Prior components of this exercise have included the following piecemeal actions:

- adoption of an Employee Policy Handbook
- annual employee evaluation form
- implementation of a retirement program
- enrollment in health care coverage
- creation of personnel job descriptions

The following report reflects a more comprehensive approach to this subject. For purposes of this exercise, a market area of Washington and Frederick Counties was established. This is in part because Myersville is located directly central to both and includes those towns which Myersville staff most often relate with. Local government in nearby WV and PA were not used as WV has few towns of comparable size and operations and PA has a markedly different governmental structure.

It is important to note that this analysis does not take into account comparative factors of municipal structure, census statistics, or socio-economic elements. In short, this defined market is one of equitable averages, whereby staff are competitively qualified across municipal "sizes" of varying service delivery responsibilities.

This analysis is broken into three general areas; management, benefits, and wages. The objective of this analysis is to ensure the Town is competitive and equitable with the first two and positions itself to remain prepared for changes in personnel for the third.

## **Summary**

For the areas of management and benefits a recent consultant report completed for the City of Brunswick is used along with additional consideration from general communication with the various municipal counterparts surveyed. However, while the Brunswick report was notably comprehensive on the matter of these two items, it was not as robust in its comparative wage analytics of the defined market area for the purpose of this analysis for Myersville. Plainly, the areas selected in the report were arbitrary and did not include a complete list of wages for the useful purpose of developing a relevant competitive wage scale.

## Management

For management, the report included recommendations on four (4) specific subject areas which staff would recommend Mayor and Council consider implementing. This includes; job descriptions, professional development, employee surveys and evaluation forms.

To prepare for employee turnover the Town should have readily available job descriptions for each position of employment. These descriptions should be clean and consistent with clearly defined essential job functions.

The most direct and accurate exercise to develop and/or update current descriptions is by providing current employees with an employee survey. The report includes a sample survey for both management and non-management positions which could be used for this purpose.

While the Town does administer an employee evaluation process on an annual basis, the report again provides a sample form, the 360° evaluation tool, which appears more performance driven in measuring and guiding the professional development expected within each position. It is recommended the Town consider adopting an annual evaluation more similar to this form.

To promote professional development, the report outlines a process to create incentives for employee growth on an annual basis. The most direct application would be the opportunity to tie some degree of adjustment in wages to advancement in each employee's professional development. This is especially applicable to smaller municipalities which have staff continually diversifying their roles and responsibilities to meet broader service delivery expectations. The report includes a good example list and options the Town could draw from to meet our unique employee structure.

## Benefits

For benefits, the report included recommendations on four (4) specific subject areas which Mayor and Council should consider implementing. This includes insurance benefits, comp time compliance, leave credit, and retirement. Much of this is currently included in the Town Employee Policy Handbook, but may require update for current market standards and regulatory measures.

For insurance benefits, the Town currently offers competitive health insurance coverage (85%), but because there are only two (2) employees which accept it, each engage the public health market individually for separate plans which best represent their need and affordability level. Staff is currently working with LGIT on a study to enroll in the statewide municipal program.

For other forms of insurance, the handbook does include a provision for dental and vision, which is at the discretion of the Mayor and Council. These additional coverages have become common place among other municipalities and should be extended to eligible staff by the Town. Life insurance is not included in the handbook and is not as consistently offered by other municipalities.

The handbook does include a detailed section on comp time, which is driven more so by federal regulation. This section should be reviewed to ensure it is up to date and all employee positions are correctly defined as exempt or non-exempt. This section should also be reviewed for updates for non-exempt employees' ability to flex hours in lieu of receipt of comp time.

The two most common types of leave credit are vacation and sick. The handbook again provides comprehensive detail on this benefit. This includes both annual carry over and sell back for unused vacation hours at 80 and 40 hours respectfully and flexibility in what qualifies as use for sick leave. One area where this may not be competitive is some municipalities allowance for some degree of unused sick leave compensation at end of employment. This is in part a trade off for not providing short/long term disability and should be considered for inclusion by the Town.

Retirement appears to be the least consistent across the board with many (primarily larger) municipalities enrolled in the State Pension Program, some offering contribution plans (401k, 457, etc.) and a few not offering post-employment benefits. After the Town's first consideration of the State Plan in 2010, the Town determined it was not cost effective to enroll in that Plan and instead enrolled Town

staff into a 457 Plan. In subsequent reconsideration of the State Plan the Town again determined not to enroll Plan as all plan management decisions rests with the State legislature. Instead the Town remains with the original 457 Plan and has now calculated and implemented the "make whole" provision of the State Plan for years of service for eligible employees. This remains the best compromise option for the Town to control contributions levels while providing employees a competitive and flexible program.

### Wages

The defined market which was chosen for this analysis includes Washington and Frederick counties, which includes 9 and 12 municipalities respectively of varying population size and service delivery responsibilities. Myersville falls generally about the middle in both geographic location and governmental functions.

In order to create the most accurate wage scale (attached), it was important to conduct the following steps with each. First, communicate directly with those municipalities with limited staff positions whereby staff assume multiple roles. Second, review the pay scales and position descriptions of more complex organizations to determine the best "fit" for each current Myersville staff position. This approach was intended to assure a true market hiring comparison of applicant qualification rather than the often considered but less relevant factors such as population, budget, geographic size, etc.

In addition, there were three metrics within the Brunswick report which should be given consideration as wages are set and regularly evaluated. This includes; classification separation, hiring scale and merit adjustments.

Even with smaller staffing levels, it is recommended that impacts from employee longevity, market demand, and merit adjustments, the Town ensure separation of pay levels between employee classifications. This avoids the possibility of wage compression between positions which require different employment qualification and job function.

To remain competitive with market demand, the Town should also consider regular evaluation of each job description specific to a minimum and maximum wage range. This is critical during employee turnover to ensure approved budgets can reasonably absorb a new hire within a competitive employment market. As reflected in the wage table, for those organizations with wage scales, the midpoint of each position was used as the figure for current pay, as many organizations utilize the midpoint as the initial hiring hourly/salary rate.

Language for the third item, merit adjustments, is included in the handbook. However, there is not currently a program implemented to include this opportunity for employees. Similar to adjustments in wages for achieving professional development goals, the report references annual adjustments for employee wages based on merit above and beyond the general COLA. There were a number of municipalities which indicated this as either general practice or part of the wage scale. The example within the report is a maximum of a 1.5% adjustment with each employee eligible for some portion of it as determined by their evaluation period.

One separate item identified in the handbook and associated with the wage scale and merit increase, but not included in the report is an adjustment in wages above and beyond COLA and merit each 5 years. I would anticipate this item is included in the handbook to encourage employee retention and recognize employees with long tenure. This item should be revisited with evaluation of the additional items above.

Lastly, it is important to note that this evaluation includes those wages as reported by each municipality for both current staff and/or pay scales and does not reflect proposed adjustments for the upcoming FY24. For reference to those pending changes, it appears a common response to adjustments being considered for FY24 are in the 4% range depending on any number of practices of each individual municipality.

### **Recommendation**

After review of the entirety of this information associated with management, benefits and wages, staff would recommend the Mayor and Council proceed with consideration of updates and adjustments to all of the metrics outlined. This exercise could be accomplished concurrently and directly by Mayor and Council and town staff or one of each of the three identified subject areas at a time.

The Mayor and Council may also consider including review and recommendations from an independent entity such as the Budget and Finance Committee.

Whichever of these directions are chosen to proceed, staff would not recommend expanding the market area of consideration nor engaging a private consultant on similar evaluation. As indicated, the defined market area represents practical and sufficient comparative municipalities and the Brunswick report is a recent and comprehensive analysis for application and use for Myersville.