



Town of Berwyn Heights

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Excerpt of Minutes Worksession September 19, 2016

The regular meeting was called to order at 7:04 pm. Present were Mayor Cheryl Jewitt, MPT Jodie Kulpa-Eddy, CMs Patricia Dennison and Chris Rasmussen. Also present were TA Jessica Cowles, Clerk Kerstin Harper, Victoria McGrath of McGrath Resources Group and citizens.

1. Presentation – McGrath Human Resources Group

Mayor Jewitt welcomed Victoria McGrath, CEO of McGrath Human Resources Group. Ms. McGrath said her consulting company has provided both public safety and human resources consulting services to 260 municipalities around the country. TA Cowles noted that the consulting firm was hired in a competitive bidding process. To date, the firm has completed a compensation and benefits study, drafted a revised classification and compensation system, (complete with revised job descriptions and performance evaluation system), and has updated the Town's personnel manual. Ms. McGrath has met with Town staff on multiple occasions and has had productive discussions.

Ms. McGrath gave an overview of the compensation study. The study compares the Town's wages and salaries to the external market and also makes comparisons within the Town's organizational structure. As the starting point, the consultant looked at the Town's current compensation schedule and how it was developed. Then interviews were conducted with all department directors and senior staff to learn about the types of positions existing in the departments, the related responsibilities and pay rates. This data was used to calculate an average compensation rate for each Town position. An average market compensation rate, or "compensation point," was determined from salary data collected for similar positions in 37 other municipalities and counties in the region, as well as from the Maryland Municipal League (MML).

The study found that the Town's salaries and wages have not kept up with the average compensation rates prevailing in the market. Only 2 out of 20, or 10%, of the Town's benchmark positions can be considered to be within the acceptable minimum/ maximum market compensation range, while 13 positions, or 65%, are below the average market range. When evaluating all positions within the Town's salary structure to surrounding comparable municipalities, the majority of the salaries are significantly below the average market rate. Without adjustment, the schedule will fall further behind the market and make it difficult for the Town to attract and retain qualified candidates.

The consultant recommends that the salary schedule be adjusted annually on the basis of acceptable performance evaluations. It is further recommended to focus on those employees who are paid below

the average market rate for their position, as it is the goal of a viable schedule to get all employees to the “position point.” In addition, the salary schedule should be adjusted in January of each year for economic reasons, i.e. employees should receive a Cost of Living Adjustment (COLA) to keep up with inflation.

In response to questions, Ms. McGrath explained that the compensation study did not take into account non-salary criteria in determining whether the Town’s employees are paid appropriately. The municipalities and counties used for comparison, while generally larger, provide a viable reference point. Even if Berwyn Heights cannot match their salaries, the Town is competing with those cities in the labor market. McGrath consultants is not recommending matching the salaries of larger cities but only to increase salaries to reach the minimum market range.

Ms. McGrath briefly discussed the Town’s benefit package. Based on the limited comparison data obtained from surrounding municipalities, it was found that Berwyn Heights is on par with health insurance, dental and vision benefits. The health insurance plan recently adopted by the Town has a low co-pay, which may lead to excessive use. It is recommended that the Town monitor usage and educate employees about possible insurance premium increases due to excessive use. The Town’s annual leave policy is not in alignment with the market. It is recommended to allow annual leave to accrue from the date of hiring, enhance the schedule of annual leave for general employees and add a separate schedule for directors. It is also recommended to provide annual leave and sick leave to regular part-time employees on a pro-rated basis, and to revise the pay-out policy.

Ms. McGrath continued that the Town’s personnel handbook was updated to bring it into compliance with current state and federal law. The Town’s senior staff gave extensive input on revising the handbook. In addition, the consultant produced updated job descriptions that better reflect the functions performed by each department.

In response to questions from the Council, TA Cowles said that the financial impact of the proposed compensation changes can be covered by \$30,000 budgeted for COLA and merit increases in FY 2017. She proposes to award a 3% COLA this fall but omit merit increases. Instead the remaining funds would be used to bring all employees, who are not currently paid the minimum market rate, to that point on January 1, 2017. To sustain this compensation schedule, it should be reviewed every year to ensure that pay rates remain within the market range. Those on the lower end of the spectrum could be paid higher increases than those who are already paid at or above the market rate. A system of paying within a range around the market compensation point is recommended because it gives the Town flexibility to adjust salary increases to revenue fluctuations due to economic conditions.

An executive summary of the study is available at the Town office.