



CITY COMMISSION STAFF REPORT

DEPARTMENT: Administration

SUBJECT: Discussion and possible action on the City's Compensation Plan and approval of engagement with HR Compensation Consultant LLC (HRCC) to update the compensation plan

CITY MANAGER RECOMMENDATION:

The City Manager recommends Discussion on the City's Compensation Plan and approval of a Motion to engage HR Compensation Consultant LLC (HRCC) to develop an update.

BACKGROUND OF ITEM:

At the December 14, 2021 meeting there was consensus to place this discussion item on the agenda. A brief background is provided to assist in the discussion.

In 2016 HR Compensation Consultant LLC (HRCC) performed a compensation analysis of market information to develop the City's pay plan. An update was conducted by HRCC in 2019 and recommendations presented to the Commission at the October 10, 2019 meeting. The goal of the initiative was to develop and implement a compensation program that accomplished the following:

- Attracts qualified, external job candidates
- Retains talented, skilled employees
- Competes in the external job market
- Guides employees' career path
- Supports internal equity and fiscal responsibility, and
- Complies with labor law and regulations.

For fiscal years 2019, 2020, 2021 and 2022, no cost of living adjustment was approved. In fiscal years 2017 and 2018 a 2% cost of living adjustment was provided for each year. There was an average maximum 2.6% merit adjustment offered during this 2017 to 2021 period and a maximum 3.5% merit proposed for fiscal year 2022. During the periods of 2017 to 2021 when the city provided a total 4% cost of living adjustment, the combined cost of inflation was 12.22%**. In our efforts to compete with neighboring job markets, these actions place the City with at least an 8% pay disadvantage with adjacent municipalities that provided 2½% to 3% annual cost of living adjustment. External candidates will be more hesitant to come to the City to earn less and current employees can earn a higher salary by moving to another city for the same job.

** Source: Consumer Price Index, U.S. Bureau of Labor Statistics (2017-2.67%; 2018-3.38%; 2019-1.75%; 2020-0.92%; 2021-3.5%)

ANALYSIS:

Within the last few years, the City has experienced significant turnover among our department directors. Two (2) of our directors have been in their positions for an average of 1 ½ yr. For the incumbents in the positions of Public Works Director, Chief Financial Officer and City Clerk, this is their first meeting, following many months of recruitment efforts. The City has been unsuccessfully recruiting for a Human Resources director for months. While this describes the situation at the directors’ level, the challenge of recruiting and retaining staff is prevalent throughout all departments within the City.

During the past few months there has been many recruitment efforts and the inability to finalize the recruitment of several external candidates. This has a tremendous effect on the daily operations, staff development, strategic advancement, historical retention and other facets of the city.

HRCC provided an estimate of \$16,820 to update our compensation study and develop recommendations to improve the situation. It is recommended that we re-engage HRCC to update the compensation study and offer recommended action steps. This would allow the city to realign its compensation habits to be more competitive in the job market.

STRATEGIC PLAN:

Fair employee compensation addresses the following strategic priorities: Financially Sustaining Someplace Special, A Strong Sense of Place, and City wide Revitalization. In addition, it allows for the attraction and retention of employees who will promote our core values of professionalism, customer service, innovation and teamwork.

FISCAL IMPACT:

This was not budgeted, so it is recommended that the \$16,820 be funded from General Fund Contingency.

| <u>General Ledger Acct. Number</u> | <u>Budgeted Amount</u> | <u>Requested Amount</u> | <u>Remaining Amount</u> |
|---|------------------------|-------------------------|-------------------------|
| From 001-190-599000-519 (Contingency) to 001-140-531100-513 (Human Resources Professional Services) | | \$16,820 | |

ALTERNATIVES:

N/A

ATTACHMENTS:

HRCC_Cooper City Plan Update