



September 25, 2023

Laura Stephens
HR Director
Town of Johnstown, CO
450 S Parrish Ave
Johnstown, CO 80534

Dear Laura,

Thank you for the opportunity to work with the Town on a Compensation Study. The Study included a thorough review of the current pay structure and all positions within the Town, defining the market, and benchmarking all full and part-time positions using current market data.

The result is a comprehensive redesign of the pay structure and classification listing as well as recommendations for implementation and ongoing maintenance that we believe will serve the Town well for years to come.

In summary, the Town's pay structure needed a structural redesign and to be re-aligned to market rates, however, we believe good internal processes for pay administration and maintenance exist. We were easily provided with all requested information in an organized fashion, provided all analysis that we needed and provided help in facilitating discussions as necessary to complete this Study. We believe the Town has the infrastructure and systems that will allow for a smooth implementation of our recommendations and ongoing maintenance of the pay structure and systems.

This report covers our full scope of work and includes an overview of our process and methodology, as well as our findings and recommendations.

Sincerely,

Laurie Graves

Laurie Graves
President and Principal Consultant
Graves Consulting, LLC

Background

The Town contacted Graves Consulting earlier this year to request a proposal for a Compensation study. We responded and were ultimately awarded the project. Work began in April of this year.

Scope of Work

The Compensation Study included a comprehensive review of the Town’s current pay structure, a review of all job descriptions for current full time and part time positions (including some newly created positions), creation of a market definition for the Town and data analyzing from multiple sources. After months of collaborative effort between Graves Consulting staff and members of the Town’s leadership team, we have created the findings and recommendations outlined below.

Market

A foundational element for this project was the definition of an appropriate external market with which the Town would compare itself. The intent was to create a market broad enough to provide statistically valid data and matches for the Town’s positions. The Town had previously been using the Denver/Boulder and Northern Colorado communities, as outlined in the Employers Council survey data. We agree that this is an appropriate market definition, however, Council chose to narrow the comparators to the following subset of that group:

Johnstown Defined Market for 2024		
Adams County	Foothills P&R	Loveland
Boulder	Fort Collins	Milliken
Brighton	Frederick	South Suburban P&R
Broomfield	Greeley	Superior
Commerce City	Hyland Hills P&R	Thornton
Erie	Jefferson County	Weld County
Evans	Lafayette	Wellington
Firestone	Lakewood	Westminster
	Larimer County	Windsor
	Longmont	

**Private sector data for the same regions was also included for applicable positions*

Data Sources

Our primary data sources for this project were the Employers Council and Colorado Municipal League compensation surveys, as the Town has access through their memberships. The information was aged forward to account for market movement from the time the data was collected until the beginning of 2024 when these recommendations are set to be implemented.

Job Matching

Job matching is the other foundational element of a comprehensive Compensation study, in addition to Market Definition. Ensuring that we understand the Town's positions well enough to choose accurate benchmarks is critical. Graves Consulting collected information on the Town's positions through Job Description review and meetings with HR.

In comparing jobs, we match as many Town positions to the data sources listed above as possible. Between all the survey sources, we were able to match 78 of the Town's 81 current and proposed positions. The remaining positions were "slotted" based on internal equity. We believe this provides a very solid foundation for this Compensation study.

For available matches, we extract actual wages being paid for that job in the Town's defined market. For some positions, the survey pay ranges are reviewed as well.

We use standard "best practices" when matching jobs and extracting data from pay surveys. For example:

- It is common to blend job matches when a Town position matches with more than one survey job. We may combine survey positions to reflect the most accurate job match(es) available.
- We review the survey data sample size and do not include some matches with a limited sample size of data or where we believe an anomaly exists.
- We adjust some job matches as appropriate. For example, we may believe that a Town position is a good match with a job, but we know that the Town's position has higher requirements or licensures than the survey job. We may add a percentage to the survey result to reflect the complexity of the Town's position. We also trend a result downward if we feel the Town's position is at a slightly lower level than the survey position.

Pay Structures and Classification – Current State and Recommended

General Government Pay Structure

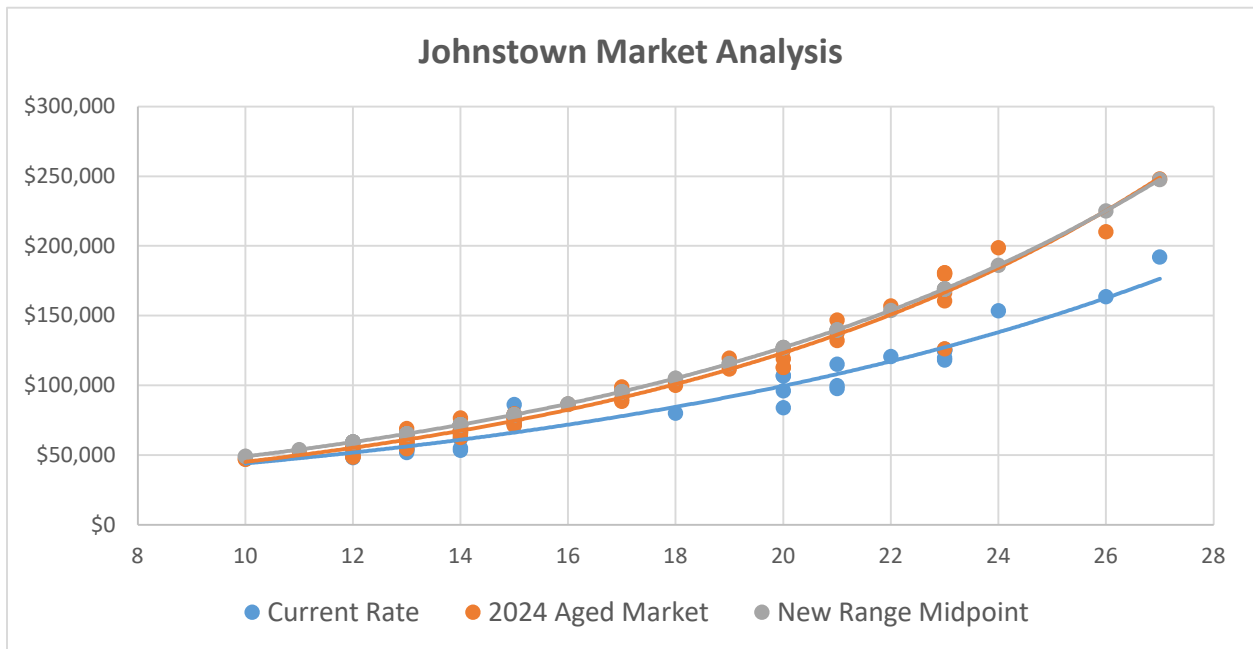
Currently, the Town has one open range pay structure for all general government positions. The current structure has 13 pay grades and ranges that vary from 35% to 50% wide. The grades are not uniformly distanced from each other with midpoint distances ranging from 4% to 23% apart.

Graves Consulting is proposing a revised pay structure for all General Government positions that is still open range. The proposed structure has 18 pay grades and ranges that are all 10% apart at the midpoint. Those ranges have similar widths to the current structure, varying from 35% wide at the bottom of the scale to 45% wide at the top. We believe this structure will allow the Town the flexibility to adjust maintain alignment to market for all positions over time.

Below is our proposed pay structure:

Johnstown - Proposed 2024 Gen Gov't Pay Structure								
Grade	Annualized			Hourly			Design	
	Min	Mid	Max	Min	Mid	Max	Width	Distance
10	\$41,702	\$49,000	\$56,298	\$20.05	\$23.56	\$27.07	35%	
11	\$45,872	\$53,900	\$61,928	\$22.05	\$25.91	\$29.77	35%	10%
12	\$49,408	\$59,290	\$69,172	\$23.75	\$28.50	\$33.26	40%	10%
13	\$54,349	\$65,219	\$76,089	\$26.13	\$31.36	\$36.58	40%	10%
14	\$59,784	\$71,741	\$83,698	\$28.74	\$34.49	\$40.24	40%	10%
15	\$65,762	\$78,915	\$92,067	\$31.62	\$37.94	\$44.26	40%	10%
16	\$72,339	\$86,806	\$101,274	\$34.78	\$41.73	\$48.69	40%	10%
17	\$79,573	\$95,487	\$111,402	\$38.26	\$45.91	\$53.56	40%	10%
18	\$87,530	\$105,036	\$122,542	\$42.08	\$50.50	\$58.91	40%	10%
19	\$96,283	\$115,539	\$134,796	\$46.29	\$55.55	\$64.81	40%	10%
20	\$103,750	\$127,093	\$150,437	\$49.88	\$61.10	\$72.33	45%	10%
21	\$114,125	\$139,803	\$165,481	\$54.87	\$67.21	\$79.56	45%	10%
22	\$125,537	\$153,783	\$182,029	\$60.35	\$73.93	\$87.51	45%	10%
23	\$138,091	\$169,161	\$200,232	\$66.39	\$81.33	\$96.27	45%	10%
24	\$151,900	\$186,077	\$220,255	\$73.03	\$89.46	\$105.89	45%	10%
25	\$167,090	\$204,685	\$242,280	\$80.33	\$98.41	\$116.48	45%	10%
26	\$183,799	\$225,154	\$266,508	\$88.36	\$108.25	\$128.13	45%	10%
27	\$202,179	\$247,669	\$293,159	\$97.20	\$119.07	\$140.94	45%	10%

The following chart shows that with the proposed pay ranges, the Town's Range Midpoints are well aligned to the 2024 Aged Market data. This was our goal. This chart further shows that the current Employee pay rates are almost all below market averages which may be appropriate for newer employees but indicates that many are below where their experience and tenure would suggest they should be.



Sworn Non-Exempt Police Step Plan

Currently, the Town has a separate pay structure for Sworn Non-Exempt Police positions, as is customary. The structure includes Officer, Detective and Sergeant.

Graves Consulting is recommending that these positions stay on a separate step plan pay structure, however we are recommending fewer steps for Officer and Detective. The current step plan has 7 steps, and we are recommending 6 as this is the average number of Officer steps in the Denver/Boulder area. The Sergeant step range would remain at 5.

This has been a rapidly moving labor market, so the rates needed a considerable increase to be aligned to market. The Town chose to be relatively aggressive with the starting rate for Officers, to ensure the ability to compete with larger surrounding communities. Top end Officer rates are well aligned to market. The following shows our proposed structure for these positions:

Town of Johnstown Proposed Step Plan for Sworn, Non-Exempt Police -						
Position						
Police Cadet Rate (Non-Sworn)	\$63,232 30.40					
Police Officer	Entry \$79,040 38.00	Step 1 \$82,992 39.90	Step 2 \$87,142 41.90	Step 3 \$91,499 43.99	Step 4 \$96,074 46.19	Step 5 \$100,877 48.50
Police Sergeant	Entry \$105,921 50.92	Step 1 \$111,217 53.47	Step 2 \$116,778 56.14	Step 3 \$122,617 58.95	Step 4 \$128,748 61.90	
Detective	Entry \$80,038 38.48	Step 1 \$83,990 40.38	Step 2 \$88,140 42.38	Step 3 \$92,497 44.47	Step 4 \$97,072 46.67	Step 5 \$101,876 48.98
Detective Sergeant	Entry \$106,920 51.40	Step 1 \$112,216 53.95	Step 2 \$117,776 56.62	Step 3 \$123,615 59.43	Step 4 \$129,746 62.38	

Implementation and Financial Impact for Base Pay Adjustments

Graves Consulting recommends implementing the proposed pay structures and ensuring that not only are rates at or above the range maximums, but that employees with more experience are placed appropriately in their pay ranges. This is an important part of implementation to both relieve and prevent pay compression.

Twenty-Two of the Town’s positions have incumbents below the minimum of their new pay range. Further, the majority of the Town’s positions have incumbents below where they should be in their range, based on experience and tenure. Those adjustments are driving the majority of the financial impact.

Ongoing Maintenance and Movement Through Pay Ranges

We recommend the Town have a set process for the ongoing maintenance of these pay structures and for determining pay increases for employees.

There are normally two ways an employee can receive an increase. First, is when an employee receives a pay increase that moves them further up in their pay range. These increases are normally based on either annual across the board increase percentages or vary based on performance. Second, is when the pay structure is increased to keep pace with market. If the ranges increase, many organizations keep employees in the same relative position in the pay grade which results in a pay increase. We recommend that both range adjustments and pay increases occur annually.

Timing for each type of increase is also something to consider. Would the Town prefer to make both increases at once, on a common date, separate the timing but do each on a set date, or make market adjustments on a common date and movement through range increases on anniversary dates? There is not a right or wrong way, just budgeting and administrative issues to consider.

Graves Consulting does not have an opinion or recommendation on timing of the increases. We see this as entirely a matter of preference for the Town. However, we do recommend that a process be developed regarding timing and expectation of annual increases that can be shared with all employees.

We would recommend adjusting the overall pay structure by a set percentage annually to stay current to market. Additionally, we would recommend that this percentage be based on a combination of what others in the Town's defined market are doing and what the Town can afford. We believe this information could be easily obtained through the projections that Employers Council provides each year.

As an example, if others on average say their pay structures are increasing by 2% and pay is increasing by 4%. Assuming this is within budget, the Town would increase all pay structures by 2% and keep employees in the same relative position in their pay grade. Then the Town would increase all employees who are not at range max by an additional 2%. This would keep the Town's pay structure current and keep employees moving up in their pay ranges, albeit rather slowly. We believe it's administratively easier to do this at the same time so that the Town only has to administer pay increases once per year, but that's an internal decision.

Graves Consulting believes that the Town can internally manage the ongoing maintenance of the pay structures based on our guidance above. We would recommend an external assessment every two to three years to ensure alignment to market for all positions. This will ensure that the pay structure increases that have been made are keeping the Town tied to its defined market and would also assist in identifying positions that have moved more than others and may need to be upgraded.

Summary

We believe the Town's pay structure has been appropriate in the past but some structural changes as well as more alignment to market will allow the Town to be both more flexible and competitive now and in the future.

The changes to the structure that we are recommending are primarily for the purpose of addressing the concerns that were mentioned at the start of this project. Specifically, ensuring competitiveness to market, addressing internal equity, and providing flexibility and a method for ongoing maintenance of the structures for the Town. Additionally, we believe our recommendations will allow the Town to have an objective and transparent structure and process for pay that is more easily communicated to employees.

All results and recommendations are based on compiled market data; however, Town leadership should review and adjust for specific circumstances that we may not be aware of.

We are available to discuss this report in further detail with you or any other members of the leadership team or Town Council, as is appropriate.