



Office of the Town Manager

Christopher E. Martino

STAFF REPORT

Warrenton Town Council

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James Hartman, Ward 4 Vice Mayor

Jay Heroux, Ward 5

Paul Mooney, At Large

David McGuire, At Large

Council Meeting Date:	February 25, 2023
Agenda Title:	Classification & Compensation Study
Requested Action:	Approval of FY24 Pay Plan & Internal Adjustment
Department / Agency Lead:	Human Capital Department
Staff Lead:	Kasey Braun, Human Capital Manager

EXECUTIVE SUMMARY

Resiliency of the workforce has been a Town Council strategic goal since the 2019 and 2022 strategic retreats. In an effort for Town leadership and staff to achieve this goal, it needed to develop a plan that identifies the key actions and initiatives that are in alignment with the overall goal of identifying workforce resources that are key factors in the protection and promotion of building a successful future for the Town. This objective initiated the internal review of the Town's competitive landscape (compensation, pay plans, etc. of our surrounding areas) as well as identifying the necessary resources needed to increase efficiencies across Town operations. This staff report defines for Town Council an overview of the classification and compensation study, the proposed FY24 pay plan, and internal pay equity adjustments. The Town Manager intends to include the results of the Classification and Compensation study and new pay plan in the proposed FY24 budget.

BACKGROUND

Over the last year, Town leadership conducted an internal review of the Town's recruitment program, and it was identified that this program initiative is needing to be redefined and realigned to better meet the Town Council's *resiliency of the workforce* strategic initiative. Therefore, the first step identified to meet the strategic objective was through the Town Council approved Classification & Compensation study. This study will provide the Town the data needed in identifying the necessary means to develop the best operational practices that will assist in achieving the set strategic objective.

Classification and Compensation Study: This study was approved by Town Council in Spring of 2022 with a program kick off with Paypoint HR in June 2022. The purpose of this study was to identify the competitive landscape of the Town from a compensation assessment. Paypoint HR's goals for this study was to be objective and transparent on the classification and compensation structure of the Town through the following initiatives:

- Developing a credible classification system that ensures positions performing similar work with like levels of complexity, responsibility, knowledge, skills, and abilities are classified together.
- Developing a comprehensive compensation plan for all employees based upon analysis and evaluation of job content is competitive in the external market.

It is also important to note that the last classification and compensation study was completed in 2015, which resulted in a revision of the pay plan structure but did not address internal equity. Prior to 2015, the Town's pay plan structure had not been updated since 2003.

Service Level/Policy Impact

Classification and Compensation Study: The study's objectives were to analyze the current salary grade levels and structure, update class specifications and ensure internal equity using job analysis and job evaluation, to identify needed market adjustments and ensure external competitiveness (to include a cost-of-living analysis). Therefore, a proposed pay plan redesign was suggested that will better align the Town's pay plan to market trends in an effort to remain competitive.

Paypoint HR 25 Comparators			
Alexandria	Berryville	Blacksburg	Charlottesville
Christiansburg	Clarke County	Culpeper	Culpeper County
Fauquier County	Front Royal	Herndon	Leesburg
Loudoun County	Luray	Madison County	Manassas
Orange County	Prince William County	Rappahannock County	Spotsylvania County
Stafford	Staunton	Virginia Department of Transportation	Winchester
Woodstock			

The new pay plan is designed using the benchmarks of the comparators in relation to our current position requirements and was calculated at the 50th percentile of the market competitiveness. To ensure the validity of the position and salary comparable factors within the benchmarked data, employees were provided a Position Vantage Point

(PVP) questionnaire to complete that provides insight into the actual job duties, skills required, environment factors (physical conditions, working conditions, interaction with others), and authority structure. This provided the necessary data points for Paypoint HR to align our current positions within the benchmarked comparators positions and thereby better determine the salary market trends. The proposed July 1, 2023 pay plan is referenced in *Attachment 1: Proposed FY24 Pay plan*.

The need to redesign the pay plan also identified that maintaining a fair wage structure going forward is important for the Town. Many organizations choose to adjust pay plans by making cost of living adjustments and by moving employees within salary ranges according to 1) acquisition of

Paypoint HR Requested Adjustment	Paypoint HR Adjustment	Current Structure
Pay plan Grade Levels	20	33
% Between Each Grade Level	Average of 7.5%	Average of 5%
Min Grade to Max Grade % Difference	60%	60%
Minimum Hourly Rate	\$15.00	\$13.44
FLSA Review	6 proposed updates	
Proposed External Market Percentile	50 th Percentile	

beneficial skills for the organization/education; 2) excellent and/or above average performance; and 3) years of service. Ultimately, this proposed pay plan adjustment provides the Town with the ability to align closer to the competitive market landscape, promote internal equity, and address the lack of our internal pay plan adjustments meeting market demands over the last 20+ years as referenced in *Attachment 2: Historical Data*.

Important Notes:

- External Market data was acquired in September and October of 2022. The FY23 pay scales were used throughout the study. Note: comparators are conducting salary studies and are in the process of adjusting their pay plans by as much as 17.5% to account for current market standards. *Reference Attachment 3: Jurisdictions Proposed FY24 Compensation Adjustments.*
- Adjusting the compensation of job titles to the 50th percentile of the market helps to make the town competitive with respect to wages at other municipalities. In addition, aligning compensation of individual employees to eliminate compression reduces the fiscal impact of salary adjustments and appropriately compensates employees based on the knowledge, skills, and abilities they have developed while working for the town.

Compensation Philosophy: The Town does not currently have a compensation philosophy as it operates solely on budgeting approval. However, we are proposing the Town Council adopt a compensation philosophy to ensure all Town positions fall within scope of the Towns Compensation Philosophy as directed by Town Council as well as to ensure the Town delivers market competitive pay to its workforce through a continuous monitoring. Below is the proposed Compensation Philosophy:

- ★ The Town Council seeks to deliver market competitive pay to the Town's workforce. The compensation philosophy is intended to serve as general guidance to the Town Manager on the target market position for the Town's compensation plan.
- The official comparator market represents a group of the local government employers that is comprised of the surrounding Towns and Counties as defined in the most recent Classification and Compensation study.
- Town Council's compensation philosophy sets a target market position for the Town's compensation plan at a minimum of 50th percentile of the comparator market. This policy is subject to budget appropriation.

Fiscal Impact

Classification and Compensation: The adjustment of the proposed pay plan primarily positively impacts our recruitment efforts. It is important to note that historically the Town has not matched the CPI market adjustments which impacts the external competitiveness with the market and the internal equity of our employees as shown in *Table 1: CPI versus COLA*.

The primary reason pay plan adjustments are made in the effort to keep up with the competitive landscape through adjusting of the pay plan by aligning it to the cost-of-living measures help to ensure that the town remains competitive to its comparators.

Based on the classification study a pay plan adjustment of 10%, effective July 1, 2023, will properly align the Town's current employee salary structure to the current market conditions. The 10% pay plan adjustment would result in an approximate \$925,000 fiscal impact to the FY24 budget.

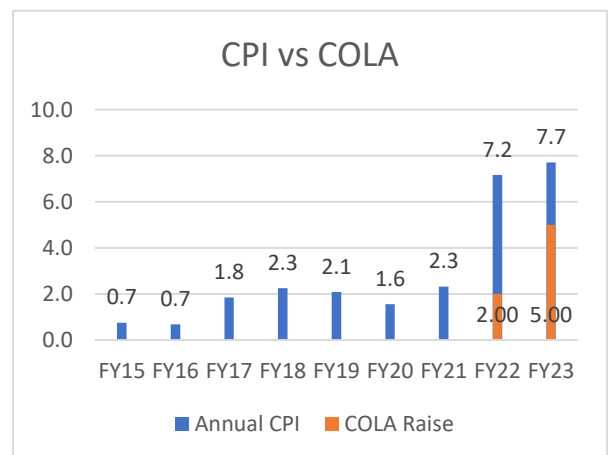


Table 1: CPI versus COLA

Legal Impact

There are no legal impact at this time. The Town Council has the authority to increase the pay plan consistent with the market trends in the FY24 adopted budget.

ATTACHMENTS

1. Proposed FY24 Pay Plan
2. Historical Data
3. Jurisdictions Proposed FY24 Compensation Adjustments

Attachment 1: Proposed FY 24 Pay Plan

Grade	Salary Min	Salary Mid	Salary Max	Hourly Min	Hourly Mid	Hourly Max
1	\$31,200.00	\$40,560.00	\$49,920.00	\$15.00	\$19.50	\$24.00
2	\$33,540.00	\$43,602.00	\$53,664.00	\$16.13	\$20.96	\$25.80
3	\$36,055.50	\$46,872.15	\$57,688.80	\$17.33	\$22.53	\$27.74
4	\$38,759.66	\$50,387.56	\$62,015.46	\$18.63	\$24.22	\$29.82
5	\$41,666.64	\$54,166.63	\$66,666.62	\$20.03	\$26.04	\$32.05
6	\$44,791.63	\$58,229.13	\$71,666.62	\$21.53	\$27.99	\$34.46
7	\$48,151.01	\$62,596.31	\$77,041.61	\$23.15	\$30.09	\$37.04
8	\$51,762.33	\$67,291.03	\$82,819.73	\$24.89	\$32.35	\$39.82
9	\$55,644.51	\$72,337.86	\$89,031.21	\$26.75	\$34.78	\$42.80
10	\$59,817.85	\$77,763.20	\$95,708.55	\$28.76	\$37.39	\$46.01
11	\$64,304.18	\$83,595.44	\$102,886.70	\$30.92	\$40.19	\$49.46
12	\$69,127.00	\$89,865.10	\$110,603.20	\$33.23	\$43.20	\$53.17
13	\$74,311.52	\$96,604.98	\$118,898.44	\$35.73	\$46.44	\$57.16
14	\$79,884.89	\$103,850.35	\$127,815.82	\$38.41	\$49.93	\$61.45
15	\$85,876.25	\$111,639.13	\$137,402.01	\$41.29	\$53.67	\$66.06
16	\$92,316.97	\$120,012.07	\$147,707.16	\$44.38	\$57.70	\$71.01
17	\$99,240.75	\$129,012.97	\$158,785.19	\$47.71	\$62.03	\$76.34
18	\$106,683.80	\$138,688.94	\$170,694.08	\$51.29	\$66.68	\$82.06
19	\$114,685.09	\$149,090.61	\$183,496.14	\$55.14	\$71.68	\$88.22
20	\$123,286.47	\$160,272.41	\$197,258.35	\$59.27	\$77.05	\$94.84

Attachment 2: Historical Data

Historical Data: Since 2001, the Town has had 3 COLA adjustments and only 4 pay scale adjustments as noted below.

	COLA	Pay Plan Adjustment	NOTES
2001	X		Noted average of 2% COLA adjustments
2003		X	Noted pay plan adjustment, but no average was identified
2015		X	Noted pay plan adjustment effective 7/1/15 based on class & comp study, but no average was identified
2022	X	X	2% COLA with pay plan adjustment of 2% (employees received a total of 2% increase)
2023	X	X	5% COLA with pay plan adjustment of 5% (employees received a total of 5% COLA increase)

Additional Information:

- **2015:** Springstead conducted a Town-wide classification and compensation study. This study resulted in the increase to the pay plan; however, this study did not address the compression within the Town.
- **2018:** Previous Town Manager, proposed the Town conduct an updated classification and compensation study. Town Council approved this study; however, during review of the submitted proposed RFP's, the pandemic hit, and the continuation of this study was cancelled by Town Council until further notice.
- **2021:** Town Council approved a 2% pay plan adjustment. This was the first pay plan adjustment since 2015.
- **2022:** Town Council approved a 5% COLA. Town Council also approved the Classification and Compensation study that was on hold due to the pandemic.

Attachment 3: Jurisdictions Proposed FY24 Compensation Adjustments

Jurisdiction	Proposed FY24 Salary Adjustment	Average FY22 & FY23 Salary Adjustments
Alexandria	up to 7%	up to 9.5%
Arlington	up to 10%	up to 8.5%
City of Fairfax	up to 8%	11.60%
Dumfries	5%	up to 8%
Fairfax County	up to 6%	up to 9%
Falls Church	4.5% <i>updating compensation philosophy to meet a 70th percentile of the comparator market</i>	9%
Herndon	up to 8.75%	9%
Leesburg	up to 17%	9%
Loudoun	up to 9%	up to 12%
Manassas	up to 12%	up to 10%
Manassas Park	4.40%	10.00%
Purcellville	5%	up to 11%
Prince William	up to 11.75%	7%
Vienna	8%	8%