

Administration Department

To: Finance Committee

From: Mayor McFarland

Date: April 4, 2025

Subject: Pay Study

Background

The 2025 budget allocated funds to complete a pay study. The city contracted with McGrath Human Resources Group to complete that work. The last pay analysis for the City of Watertown was completed in 2021 and implemented in 2022.

Below is information regarding the process McGrath used. Far more detail is in the report.

1. RFP was sent out; RFP identified several vendors that met the needs outlined in the RFP.
2. McGrath was selected due to local experience, ability to meet the target date of the project completion and estimated project cost.
3. The contract called for:
 - a. Market update with recommendations to our current table structure and benefit study
 - b. Implementation options
4. A project team was created comprised of HR, Mayor, Attorney, two leadership members, and for the last phases of the project, the Finance Director.
5. City team members submitted job descriptions, position questionnaires, and related policies for review as they relate to benefits and compensation.
6. Leadership team members conducted department meetings with McGrath representatives to identify organizational staffing issues and to identify comparable entities.

5. McGrath reviewed the information and met with the project team and leadership team to review recommendations.
6. McGrath provided a report containing options for implementation, ultimately identifying a new table system and benefits to consider.

The study results provide an opportunity to make a balanced impact on implementation and adjustments to the budget. It also reestablishes the city in conjunction with the market we pull from/lose people to. Further, it repositions city employees on the table where they have earning potential which is critical for retention. It also provides “space” between employees that have been in their current position for at least two years and new hires.

These recommendations do address topics like compression, certification pay, benefits, and recruitment and retention. It also identifies areas of consideration for staffing needs such as IT and HR. Lastly, one position was still being discussed for a potential adjustment to the placement at the time the report was issued. The Water/Wastewater Utilities Manager position was somewhat difficult to have multiple comparisons for. Andrew Beyer and McGrath both provided information. When the pay study is ultimately approved, this topic will need to be considered ahead of that approval.

Budget Goal

1. Supports employee retention and growth, while also evaluating operations and the associated staffing
2. Maintains a safe and healthy community, with an eye toward future needs and trends

Financial Impact

The implementation costs are listed in the packet.

Recommendation

I recommend that Finance Committee implement the pay study into the 2026 annual budget, and work to implement the additional in range adjustments.