

**Metropolitan Domestic Water Improvement District
Board of Directors Board Meeting**

September 12, 2011

Direction for Conducting Compensation & Benefits Survey

Synopsis

The Board of Directors is requested to consider whether a complete compensation and benefits survey should be conducted by an outside firm in the Fiscal Year 2011-2012.

Background

At the May 23, 2011 study session, Board member Dan Offret requested the inclusion of funds for the purpose of having an outside firm analyze the District's template or process for conducting a compensation survey. He noted that a previous analysis had been done by the firm Fox Lawson. He thought it was time to revisit the template or approach that the District uses so that the District would then be ready to pursue a compensation survey the following year. It was also requested to have an outside firm do the analysis of the District's salary survey process.

At the June 13, 2011 meeting, staff reported the possible costs for such an analysis. The Board agreed to have \$10,000 included in the Fiscal Year 2011-2012 budget for a possible compensation analysis. Board member Dan Offret requested more information regarding the compensation survey and having an outside party complete a full compensation survey as well as analyze benefits.

Issues

The District conducted compensation surveys in 2000, 2003, 2005, and 2007. The District has not done a compensation survey recently because of the economic downturn that has frozen salary ranges of most, if not all, municipalities. Completing a compensation survey this fiscal year may provide an interesting analysis; however, preliminary research by staff indicates that the District is more than competitive with its salary ranges.

Staff was able to contact four firms who specialize in total compensation surveys to ask for an estimate of what the cost would be to do a complete compensation and benefits survey. The firms noted this would include reviewing current job descriptions, benefits, and conducting a competitive compensation survey following a similar process as was done to complete the 2007 compensation survey. Based on the estimates given, the compensation and benefits survey would cost between \$10,000 to \$35,000.

Staff believes that a compensation survey should be conducted to determine if the District's

salary ranges are appropriate and objective. Having such an analysis done would confirm whether the District's approach to compensation surveys is appropriate and objective, which staff believes it has been.

Staff has historically conducted compensation studies internally, and feels no need to go outside to another firm to conduct a total compensation study. Utilizing an outside firm has been contended to provide great objectivity. However, the information gained by the outside firm or internally is public information and the data collected and the analysis would be transparent for anyone who wants to review it. The information available to District staff is the exact same information that an outside firm would research. More importantly, the District's Human Resource Specialist is more than capable of completing the compensation study. The compensation study would include ranges and base salaries, cost sharing arrangements for medical benefit premiums, retirement contributions, and paid time off (vacation, sick time, holidays, and personal leave).

Recommendations

Staff recommends that the Board of Directors discuss whether a compensation and benefits survey should be done in-house or with an outside firm.

It is staff's recommendation that a compensation and benefits survey be done in-house. While the range of costs for an outside firm was from \$10,000 to \$35,000, it is anticipated that a formal request for proposals would generate proposals that would be higher than the budgeted \$10,000. Staff believes that it would be better to utilize that \$10,000 for something else targeted directly to staff.

Respectfully submitted,

Mark R. Stratton, P.E.
General Manager