

MEMORANDUM

To: Members of the City Commission

From: Lisa Agnor, City Manager

Date: July 26, 2016

Subject: Presentation from Ray Associates, Inc. regarding a Compensation, Classification, and Benefit Study for the City of Marshall

At the March 24, 2016 meeting, the City Commission approved entering into an agreement with Ray Associates, Inc. of Austin, Texas, to conduct a Compensation, Classification, and Benefit Study for the City of Marshall. Representatives from Ray Associates, Inc. will be present at the meeting to bring a report regarding the process involved for conducting the study.

Ray Associates, Inc. has provided the attached information which contains information regarding the process followed and their recommendations for benchmarks to use in the market survey of the study.

Following the presentation, the Commission will consider action to provide guidance to Ray Associates, Inc. for conducting the study. Please see Page 3 of the attached information for details regarding the action requested.



MEMORANDUM

DATE: July 28, 2016

TO: Members of the City Commission and Lisa Agnor, City Manager

FROM: Katherine Ray, SPHR

SUBJECT: Benchmark Employers to Use in the City's Market Surveys and the City of Marshall's Desired Position in the Market

This memorandum and its attachment contain Ray Associates' recommendations to the City of Marshall for benchmarks to use in the market survey phase of the compensation study. We are making recommendations as to the employers to use in the survey.

Process Followed

We prepared a matrix using selected comparative data so the City Commission can make an informed decision about the appropriate cities to include in the salary and benefits surveys. The matrix is attached. To evaluate how closely the potential market employers compare to the City of Marshall, we established a range of tolerance, or low and high parameters, to reflect a closer comparability to Marshall.

In analyzing other cities' comparability to the City of Marshall, we placed the greatest emphasis whether the other cities provide similar services (at least having a municipal building and operating library, parks, and water and sewer services, in addition to the standard administrative and public safety services, including paid Fire and EMS services) and geographic proximity to the City. The parameters used and the number of points assigned to each parameter are shown in the table on the following page. Other factors to which we applied a higher number of points (up to 2.0 points) included those within a reasonable range of the City of Marshall's operating budget (excluding capital outlay but including enterprise funds), ad valorem net taxable value, median household income, median housing value, and growth rate.

| No. of Points | Criteria for Weighting Points (Range of Tolerance for Each Factor Considered and Weight Applied) |
|---------------|--|
| 1.0 | Population - 15,000-40,000 |
| 1.0 | Between 130 and 350 Total Employees |
| 2.0 | \$15-\$50 Million Operating Budget |
| 2.0 | \$500 to \$1.5 Billion Ad Valorem Taxable Value |
| 1.5 | 0.4500 - 0.7000 Tax Rate |
| 1.0 | Less Than 5% Unemployment Rate |
| 2.0 | \$25,000-\$45,000 Median Household Income in 2013 |
| 2.0 | \$70,000-\$110,000 Median Housing Value in 2013 |
| 4.0 | At least a Municipal Building, Library, Parks, Water & Sewer |
| 2.0 | EMS Services |
| 1 or 2 | Paid Fire Staff - 1 point if use a combination of paid & volunteer; 4 pts if all paid staff |
| 2.0 | Growth Rate between 2-10% from 2000-2014 |
| 2 or 4 | Geographic Proximity - 4 points if w/i 30 miles; 2 if w/i 80 miles of Marshall |

Recommendation for Benchmark Cities to Survey

Ray Associates' contract with the City of Marshall calls for surveying 40 of the City's jobs and 10-12 employers. After the weights were applied and totaled (see the attached matrix), the following cities clearly had the highest comparability scores (listed in the order of their comparability):

1. City of Jacksonville
2. City of Denison
3. City of Palestine
4. City of Texarkana

5. City of Paris
6. City of Mount Pleasant
7. City of Nacogdoches
8. City of Balch Springs
9. City of Copperas Cove
10. City of Greenville
11. City of Longview
12. City of Lufkin

These cities' weighted likeness scores totaled between 23 and 15 of a possible maximum 26, using the weights listed in the table on page 2. If a city met the criteria parameters, the cell containing the data is highlighted in blue on the attached matrix. The only exception to this is for cities in close proximity to the City of Marshall. We considered this sufficiently important, that those cities located within 30 miles were given 4 points (cells highlighted in red), considering them to be an easy commute, and cities within 80 miles (cells highlighted in blue) were given 2 points, as not uncommon for a commute. The points applicable to each colored cell were totaled for each city, and the total points of comparability are reflected in the second column (Total Score). The cities listed in the attached matrix are arranged in score order, and the 10 cities receiving the highest point scores are indicated with a check mark in the column headed "Ray Assoc. Recommends" (third column from the left).

We consider this to be a good mix of employers for comparison of salaries with the City of Marshall. Some of these cities are a little smaller, and others are larger, with other factors making them the cities most like the City of Marshall and, therefore, the most cities in which we are most likely to find matches for the City of Marshall's jobs.

The survey will be conducted electronically, with each participant given a password that will allow them to go on-line and complete and submit their data. To ensure accurate matches, we will summarize the duties and responsibilities of each City of Marshall benchmark job, as well as the qualifications required to hold the job.

Action Requested

1. Ray Associates requests authorization to proceed with the market survey, using either our recommended list of 12 benchmark employers or an amended list where other employers have been substituted for some of the ones on this recommended list.
2. In addition, we would like to hear the Mayor's and Members of the City Commission's thoughts on the desired compensation philosophy for the City of Marshall. That is to say, at what level does the City of Marshall want to compete in the selected market? Does the City want to lead the market, and if so by how much? Does the City want to meet the market

(paying at or near the 50th percentile, with half of the cities paying more and half paying less)? Or does the City want to trail the market (paying below mid-market), and if so, by how much?

Thank you for the opportunity to work with you and the City of Marshall staff on this engagement. Our firm looks forward to a positive experience.


Katherine B. Ray, SPHR

KBR:cc

Attachment: Matrix Showing How the City of Marshall Compares with Other Cities for the 2016 Salary Survey

Matrix Showing How the City of Marshall Compares with Other Employers for 2016 Salary Survey

| Potential Comparable City | Total Score | Ray Assoc Recommends | Population Est ⁴ | FY 2015-16 No. of Employees (FTEs) ⁵ | FY 2015-16 Operating Budget ⁶ | Ad Valorem Taxable Value ⁷ | Gross Tax Rate (2016) ⁸ | Unemployment Rate ⁹ | Median Household Income - 2013 ⁴ | Median Housing Value - 2013 ⁴ | Types of Services ² | Provide EMS Services ¹ | Paid Fire Depart ³ | Growth Rate from 2000-2014 ⁴ | Geographic Proximity ⁷ (Miles) |
|---------------------------|-------------|----------------------|-----------------------------|---|--|---------------------------------------|------------------------------------|--------------------------------|---|--|---------------------------------------|-----------------------------------|-------------------------------|---|---|
| Marshall | 26.0 | | 24,701 | 237 | \$27,750,493 | \$967,774,068 | 0.542160 | 5.5% | \$28,306 | \$81,580 | CE GC L MB PK SP W S Z | Yes | Yes | 3.2% | 3.1 |
| Jacksonville | 23.0 | √ | 14,675 | 144 | \$17,193,949 | \$555,827,430 | 0.6596 | 4.8% | \$28,598 | \$72,196 | C L LK MB PK S SC SP W | Yes | Yes | 5.8% | 72.5 |
| Denison | 20.0 | √ | 22,907 | 285 | \$34,256,087 | \$1,025,857,299 | 0.653377 | 3.5% | \$34,701 | \$75,164 | C CE L MB PK S SL SP W | Yes | Yes | 0.6% | 181.0 |
| Palestine | 19.0 | √ | 18,393 | 120 | \$27,539,948 | \$977,800,461 | 0.64889 | 4.0% | \$35,035 | \$83,358 | AP C CE L MB PK S SP W | No | Yes | 4.5% | 98.6 |
| Texarkana | 19.0 | √ | 37,225 | 396 | \$36,058,545 | \$2,402,277,418 | 0.669293 | 4.0% | \$37,781 | \$105,480 | C GC L LK MB PK S SPT W | No | Yes | 7.0% | 72.6 |
| Paris | 18.0 | √ | 24,895 | 315 | \$45,510,957 | \$1,533,734,560 | 0.50195 | 4.6% | \$31,569 | \$77,213 | AP C CE FG J L LK M MB PK S SP W | Yes | Yes | -3.9% | 115.0 |
| Mt Pleasant | 17.0 | √ | 16,021 | 153 | \$28,742,311 | \$881,528,357 | 0.3437 | 5.8% | \$37,057 | \$89,195 | AP C CE FG L LK MB PK S SL SP W | No | Yes + Volunteers | 15.0% | 65.4 |
| Nacogdoches | 17.0 | √ | 33,687 | 328 | \$47,519,279 | \$1,491,788,100 | 0.5681 | 4.3% | \$28,698 | \$145,991 | AP C L LK MB P PK S SL W | No | Yes + Volunteers | 12.6% | 79.1 |
| Balch Springs | 16.5 | √ | 25,120 | 180 | \$31,527,903 | \$715,276,421 | 0.8030 | 3.8% | \$37,078 | \$84,470 | CE L MB PK S SC SL SP W | No | Yes | 29.7% | 140.0 |
| Copperas Cove | 16.5 | √ | 32,943 | 279 | \$37,053,032 | \$1,155,050,460 | 0.797908 | 3.4% | \$54,628 | \$102,054 | C CE GC J L MB PK S SC SL SP W | Yes | Yes | 11.3% | 288.0 |
| Greenville | 16.0 | √ | 26,180 | 276 | \$59,456,311 | \$1,591,766,504 | 0.6990 | 3.8% | \$36,635 | \$78,843 | AM AP C CE GC J L LK M MB P PK S SP W | No | Yes | 9.3% | 130.0 |
| Longview | 16.0 | √ | 81,593 | 884 | \$160,887,483 | \$5,710,675,896 | 0.5089 | 5.0% | \$33,858 | \$127,800 | CE L MB PK S SL T W | Yes | Yes | 11.2% | 22.9 |
| Lufkin | 15.0 | √ | 36,141 | 511 | \$64,084,063 | \$2,030,313,895 | 0.5238 | 4.8% | \$39,113 | \$98,706 | AP CE L LK MB PK S SL W Z | Yes | Yes | 10.5% | 98.3 |
| Henderson | 12.0 | | 13,604 | 131 | \$19,269,955 | \$681,964,740 | 0.5153 | 5.1% | \$45,312 | \$108,549 | C CE LK MB PK S SL W | No | Yes + Volunteers | 20.7% | 40.2 |
| Carthage | 10.5 | | 6,822 | 83 | \$13,660,000 | \$452,224,626 | 0.5200 | 6.6% | \$49,114 | \$94,417 | CE MB PK S SL W | No | Yes + Volunteers | 2.4% | 28.1 |
| Tyler | 10.5 | | 101,421 | 889 | \$163,914,907 | \$7,519,723,382 | 0.2200 | 3.8% | \$44,467 | \$127,300 | AM AP C CE L MB PK S SC SL SPT W | No | Yes | 21.2% | 61.1 |

Matrix Showing How the City of Marshall Compares with Other Employers for 2016 Salary Survey

| Potential Comparable City | Total Score | Ray Assoc. Recommends | Population Est ¹ | FY 2015-16 No of Employees (FTEs) ² | FY 2015-16 Operating Budget ³ | Ad Valorem Taxable Value ⁴ | Gross Tax Rate (2016) ⁵ | Unemployment Rate ⁶ | Median Household Income - 2013 ⁷ | Median Housing Value - 2013 ⁸ | Types of Services ² | Provide EMS Services ³ | Paid Fire Depart ³ | Growth Rate from 2000-2014 ⁴ | Geographic Proximity ⁷ (Miles) |
|---------------------------|-------------|-----------------------|-----------------------------|--|--|---------------------------------------|------------------------------------|--------------------------------|---|--|--------------------------------|-----------------------------------|-------------------------------|---|---|
| Hallsville | 4.5 | | 3,906 | 15 | \$1,785,300 | \$184,278,810 | 0.258957 | 5.5% | \$51,532 | \$127,946 | MB PK S W | No | No | 40.9% | 112 |
| Lindale | 4.0 | | 5,502 | 55 | \$4,482,996 | \$478,282,634 | 0.4821 | 4.1% | \$47,310 | \$127,489 | CE MB W | No | No | 86.3% | 87.0 |
| Conroe | 2.5 | | 65,871 | 532 | \$151,532,223 | \$6,309,739,746 | 0.4200 | 3.8% | \$46,475 | \$137,803 | CE MB PK S SP T W | No | Yes | 78.9% | 203.0 |

¹ Texas State Data Center, 2010 Census Population Estimate & Population Growth Estimates 2000-2010.

² TMI, 2016 Tax & Debt Survey (if not listed, Comptroller's Office (Tax), CAD documents (Taxable Value), or city website (services)).

³ Obtained from cities directly.

⁴ www.city-data.com. Data effective 2014.

⁵ FY 2015 - 2016 expenditure budget (excludes capital projects; includes debt service and enterprise funds).

⁶ Texas Workforce Commission (Date as of May 2016) or Homefacts.com (Carthage, Denison, Hallsville, Henderson, Jacksonville, Lindale, Marshall, Mt. Pleasant, and Palestine)

⁷ www.google.com

AM—Auditorium; AP—Airport; C—Cemetery; CE—Civic/Community/Convention Center; E—Electric System; FG—Fairgrounds; GC—Golf Course; GS—Gas System; H—Hospital; HR—Boat Harbor; J—Jail; L—Library/Museum; LK—Lake; M—Market; MB—Municipal Building/City Hall; P—Parking Lot; PH—Public Housing Units; PK—Parks and Recreation; S—Sewer System; SC—Senior Center; SL—Solid Waste Disposal System; SP—Swimming Pool; T—Transit Bus System; TB—Toll Bridge; W—Water System; ZO—Zoo; ZZ—Other

| | |
|---|-------------------------------------|
| | Criteria satisfied |
| | Located within 30 miles of Marshall |
| √ | Recommended by Ray Associates, Inc. |

| No. of Points | Criteria for Points (Range of Tolerance for Each Factor Considered) |
|---------------|---|
| 1.0 | Population - 15,000-40,000 |
| 1.0 | Between 130 and 350 Total Employees |
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