

MEMORANDUM

To: Members of the City Commission

From: Lisa Agnor, City Manager

Date: September 6, 2016

Subject: Discussion of and consideration of providing guidance to Ray Associates, Inc. Inc., as needed, for conducting the Compensation, Classification, and Benefit Study

At the July 28, 2016 City Commission meeting, Katherine Ray, of Ray Associates, Inc., presented a report outlining the process to be followed for conducting the Compensation, Classification, and Benefit Study for the City. At the meeting, Ms. Ray presented a scored matrix of 18 cities identified as being comparable to Marshall, and asked the Commission to select 12 of these cities to be surveyed.

Also, as you may recall from this meeting, Marshall Firefighters' Association President, John Wilson, requested that the City of Corsicana be included in the list of cities to be considered. Since the meeting, Mr. Wilson has presented a list of 4 additional cities that he has scored (Harker Heights, Midlothian, Duncanville, and Big Spring) to be included. Because there would be a fee adjustment involved in Ray Associates scoring these 5 additional cities, and potential elimination of cities such as Longview, Greenville, and Lufkin, we request that the Commission provide guidance on whether the initial list provided by Ray Associates is sufficient, or should the additional list provided by the Firefighters' Association be provided to Ray Associates for scoring and inclusion.

Pages 3-4 of the attached information outlines further details regarding the action requested by Ray Associates, Inc. in regard to the study.

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. 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 Hourly Wage - 2013 ⁸	Types of Services ⁹	Provide EMS Services ¹⁰	Paid Fire Depart. ¹¹	Growth Rate from 2000-2014 ¹²	Geographic Proximity ¹³ (Miles)
Marshall	26.0		24,701	227	\$27,760,493	\$667,774,058	0.542168	5.8%	\$29,306	\$81,586	CE GC L MB PK S SP W S ZZ	Yes	Yes	3.2%	0.0
Jacksonville	23.0	✓	14,976	144	\$17,163,946	\$695,827,430	0.6596	4.8%	\$26,688	\$72,196	C L LK MB PK S SC SP W	Yes	Yes	5.6%	72.6
Denison	20.0	✓	22,907	285	\$34,286,087	\$1,026,857,299	0.603277	3.5%	\$34,701	\$75,164	C CE L MB PK S BL SP W	Yes	Yes	0.5%	161.0
Palestine	19.0	✓	16,393	120	\$27,639,946	\$977,800,491	0.64089	4.0%	\$35,035	\$63,368	AP C CE L MB PK S SP W	No	Yes	4.5%	98.8
Texarkana	19.0	✓	37,226	386	\$36,058,545	\$2,402,277,416	0.669263	4.0%	\$37,781	\$106,480	C GC L LK M MB PK S SP T W	No	Yes	7.0%	72.6
Paris	18.0	✓	24,896	315	\$45,510,937	\$1,533,734,660	0.30186	4.6%	\$31,960	\$77,213	AP C CE FG J L LK M MB P PK S SP W	Yes	Yes	-3.9%	118.0
Mt Pleasant	17.0	✓	16,021	153	\$26,742,311	\$861,528,357	0.3437	5.0%	\$37,057	\$68,188	AP C CE FG L LK MB PK S BL SP W	No	Yes + Volunteers	15.0%	85.4
Nacogdoches	17.0	✓	33,667	326	\$47,818,278	\$1,451,788,100	0.6881	4.3%	\$38,666	\$145,981	AP C L LK MB P PK S BL W	No	Yes + Volunteers	12.6%	76.1
Belch Springs	16.5	✓	25,120	180	\$31,827,803	\$716,278,421	0.8030	3.0%	\$37,073	\$84,470	CE L MB PK S SC BL SP W	No	Yes	29.7%	140.0
Copperas Cove	16.5	✓	32,843	279	\$37,063,032	\$1,166,050,480	0.787908	3.4%	\$34,626	\$102,084	C CE GC J L MB PK S SC BL SP W	Yes	Yes	11.3%	288.0
Greenville	16.0	✓	26,190	276	\$39,468,311	\$1,581,768,604	0.6660	3.8%	\$36,636	\$79,843	AP AP C CE GC J L LK M MB P PK S BL W	No	Yes	9.3%	130.0
Longview	16.0	✓	61,693	664	\$180,867,483	\$5,710,675,896	0.3008	5.0%	\$33,868	\$127,800	CE L MB PK S BL T W	Yes	Yes	11.2%	22.9
Lufkin	15.0	✓	36,141	511	\$64,064,063	\$2,030,313,995	0.8283	4.6%	\$38,113	\$93,708	AP CE L LK MB PK S BL W Z	Yes	Yes	10.6%	98.3
Henderson	12.0		13,604	131	\$19,289,935	\$661,964,740	0.5153	5.1%	\$48,312	\$108,840	C CE LK MB PK S BL W	No	Yes + Volunteers	20.7%	40.2
Carthage	10.5		6,822	89	\$13,660,000	\$452,224,826	0.5200	6.6%	\$49,114	\$94,417	CE MB PK S BL W	No	Yes + Volunteers	2.4%	0.0
Tyler	10.5		101,421	889	\$163,914,907	\$7,519,723,382	0.2200	3.6%	\$44,467	\$127,300	AP AP C CE L MB PK S SC BL SP T 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 Recommendation	Population Est ¹	FY 2015-16 No of Employees (FTEs) ²	FY 2015-16 Operating Budget ³	Ad Valorem Taxable Value ²	Gross Tax Rate (2015) ²	Unemployment Rate ⁴	Median Household Income - 2013 ⁵	Median Housing Value - 2013 ⁵	Types of Services ⁶	Provides EMS Services ⁶	Paid Fire Dept ⁶	Growth Rate from 2000-2014 ⁴	Geographic Proximity ⁷ (Miles)
HzNeville	4.5		3,905	76	\$1,785,300	\$184,278,810	0.288957	5.9%	\$51,532	\$127,848	MB PK S W	No	No	40.9%	11
Urdala	4.0		6,602	65	\$4,482,908	\$478,282,634	0.4621	4.1%	\$47,310	\$127,469	OE MB W	No	No	65.5%	67.0
Conroe	2.5		65,871	532	\$161,632,223	\$6,309,738,746	0.4200	3.6%	\$48,476	\$137,803	CE MB PK B BP T W	No	Yes	78.9%	208.0

¹ Texas State Data Center, 2010 Census Population Estimates & 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 2013 - 2014 expenditures budget (excludes capital projects; includes debt service and enterprise funds).

⁶ Texas Workforce Commission (Data as of May 2016) or Homefacts.com (Carroll, Dardar, Midville, Henderson, Jacksonville, Urdala, Marshall, Mt. Pleasant, and Palestine).

⁷ www.google.com

AM—Amusement; AP—Airport; C—Cemetery; CE—Civic/Community/Convention Center; E—Electric System; PG—Parks/Grounds; GC—Golf Course; GS—Gas System; H—Hospital; NB—Naut 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 - 16,000-40,000
1.0	Between 130 and 350 Total Employees
2.0	\$15-\$50 Million Operating Budget
2.0	\$500 Million to \$1.5 Billion Ad Valorem Taxable Value
1.5	0.4600 - 0.7000 Tax Rate
1.0	Less Than 5.5% Unemployment Rate
2.0	\$25,000-\$45,000 Median Household Income in 2013
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