

Human Resources

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DATE: April 18, 2007

TO: HR Tech Review Committee

RE: Salary Data for Directors & Mayor

Our topic for the HR Technical Review Committee meeting on Tuesday, April 24, 2007 at 5:00 p.m. will be 2008 salary recommendations for Department Directors and the Mayor. We will discuss City Council, Boards and Commissions and any outstanding issues relative to April's meeting at our May meeting.

The following documents are enclosed for your review:

Current Director Compensation—including base salaries, which reflect a 2% general adjustment from 2006 to 2007, a 2007 equity adjustment of 5% for the Fire Chief, and performance-based bonuses allocated to directors by the Mayor in 2006.

EXTERNAL MARKET DATA

- 1) **General Adjustments for Exempt Executive Employees**—for nine Southeast Michigan cities with populations within a range comparable to Rochester Hills. Those cities noted as TBD for 2007/2008 had not yet determined general adjustments for the upcoming fiscal year. The average adjustment for the current fiscal year was 2.3% and those cities which had determined next years adjustments averaged 2.8%
- 2) **2006 MML Salary Survey Data**—extracted for each comparable director position and mayors included in the survey within approximately +/- 30% of the population of Rochester Hills.
 - a. Position Descriptions provided by MML.
 - b. Summary Job Descriptions for Rochester Hills' director positions.

INTERNAL EQUITY DATA

- 1) **General Wage Adjustments for City of Rochester Hills Employee Groups**—including all full-time employee groups and Mayor; data compiled since 1999. AFSCME Local 1917 and IAFF Local 3472 contracts have not settled to cover the years not included since 2004.
- 2) **Director/Deputy Director Pay Differentials**—reflecting the difference in pay between Directors and their deputies or principal managers, which averages 16%.

ECONOMIC DATA

- 1) **CPI Change for US Cities**—from 1997 through March 2007, reflecting a rate of inflation of 3.2% for 2006 and 2.8% between March 2006 and March 2007.
- 2) **CPI Change for Midwest Urban region**—reflecting a lower inflation rate of 2.4% for 2006 and 2.3% between March 2006 and March 2007.

3) CPI Change for Detroit-Ann Arbor-Flint area—with a 3% annual inflation rate and an increase for February of only 1.7%

Proposed Director Compensation for 2008—includes cost of a recommended 2.5% general adjustment for directors' and mayor's base salaries in 2008 with no individual equity adjustments for directors.

While recognizing the local rate of inflation, a 2.5% general adjustment is .3% less than the average for exempt pay adjustment in key external comparable communities for 2008. It is also .3% less than the 2008 contract year adjustment for the city's general employee union (2491). However, the difference is intended to recognize a performance-based component to directors' pay that is currently not available to other employee groups.

Although the Mayor's salary does not include a performance-based component, a 2.5% adjustment for 2008 is recommended to be consistent with the general adjustment for directors.

It is further recommended that the \$20,000 budget for performance-based bonus pay be maintained for 2008.

C: Department Directors
Leanne Scott, Council Coordinator