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October 24, 2019

Kevin Townsel  
HR Director  
City of Franklin  
109 3rd Ave. S.  
Franklin, TN 37064

Dear Kevin:

Burris, Thompson & Associates is pleased to respond to your request for assistance in reviewing and updating the employee wage and salary administration plan for the City of Franklin. Accordingly, we propose to perform the consulting services generally outlined below. Some deviation from the proposed action steps may result from further discussion of pay plan objectives with City management.

The objectives of the compensation plan review are:

- Ensure that the City's pay administration pay ranges are competitive with the market so that the City can attract and retain individuals with the desired skills and abilities.
- Ensure that employee salaries are positioned appropriately within their assigned pay ranges.
- Comply with City budgetary constraints.

Burris, Thompson & Associates will complete the following:

## **A. Fact Finding**

### **1. Confirm Study Parameters**

Burris, Thompson & Associates will consult with City HR staff to confirm pay study parameters such as desired market position, benchmark employers, salary planning date, etc.

### **2. Review Job Descriptions**

Burris, Thompson & Associates will review all City job descriptions. As needed, Burris, Thompson & Associates may contact City HR staff or individual department heads to clarify the nature of work performed in specific jobs.

## **B. Compile Comparative Market Data**

Burris, Thompson & Associates will compile market data from the following sources:

- **Burris, Thompson & Associates' 2018 Public Sector Salary Survey** – we will compile data from the same set of benchmark public sector employers identified in the pay study we completed for the City in 2013 and subsequent updates (City management can specify additions/deletions to the set of benchmarks if desired). City of Franklin jobs will be matched to survey jobs based on job duties and required qualifications. Data will be projected to July 1, 2020 (or other date chosen by the City).
- **Economic Research Institute Salary Assessor** – an automated database we subscribe to that contains data for more than 4,000 job titles for many different industries. We will use general business data for the Davidson/Williamson county area.

## **C. Compare Current City of Franklin Salaries to Market**

### **1. Desired Market Position**

As determined by the City in the 2013 Study and subsequent updates, the City wishes to target the labor market as follows (subject to confirmation by City management):

- 75<sup>th</sup> percentile of the **public sector** labor market for **all** jobs.
- 50<sup>th</sup> percentile of the all-industry data for **non-exempt clerical/administrative** jobs in all departments.
- 50<sup>th</sup> percentile of the all-industry data for all other non-exempt and exempt jobs in the following departments or functional areas:
  - Admin – Facilities
  - Court
  - Parks
  - Purchasing
  - Sanitation
  - Streets
  - Water
- 70<sup>th</sup> percentile of the all-industry data for non-exempt technical and exempt jobs in the following departments or functional areas:
  - Communications
  - Engineering
  - BNS
  - Finance
  - Revenue Management

- HR
  - IT (including Water IT Specialist)
  - Legal
  - Planning
- Civilian technical jobs in Fire and Police are treated the same as the jobs in other departments associated with their functional areas.

## **2. Determine Job Market Rates**

For each City of Franklin job Burris, Thompson & Associates will determine a "Market Rate". The **Market Rate** will be the weighted average of:

- The 75<sup>th</sup> percentile salary for the job match from the **public sector** salary survey, and
- The 70<sup>th</sup> or median salary for the job match from the **general business** database.

## **3. Structure Market Index**

Burris, Thompson & Associates will calculate a Structure Market Index for each City of Franklin **job**. The Structure Market Index is the ratio of the current **Pay Range Midpoint** to the **Market Rate** for the job.

$$\text{Structure Index} = \text{Range Midpoint} \div \text{Job Market Rate}$$

Individual and aggregate Structure Index numbers will allow comparison of current City of Franklin pay ranges to market practice.

## **4. Salary Market Index**

Burris, Thompson & Associates will calculate a Salary Market Index for each City of Franklin **employee**. The Salary Market Index is the ratio of the employee's current **salary** to the **Market Rate** for the employee's job.

$$\text{Salary Index} = \text{Employee Salary} \div \text{Job Market Rate}$$

Individual and aggregate Salary Index numbers will allow comparison of current City of Franklin employee salaries to market practice.

## **D. Recommend Pay Structure Adjustment**

Based on the data, Burris, Thompson & Associates will recommend changes to job pay grade assignments if needed and overall adjustment of pay ranges.

## **E. Recommend Employee Salary Adjustments**

Based on the revised pay structure and City budgeted or projected budgeted salary increases, Burris, Thompson & Associates will recommend individual employee salary adjustments. Typically, these salary adjustments would be comprised of the following:

- Adjustments to pay range minimums if employees' salaries fall below the proposed pay ranges for their jobs.
- Adjustments to address pay compression resulting from adjustment of employees to pay range minimums.
- Adjustments suggested by analysis of the relationship between the position of employee salaries within their assigned pay ranges and job tenure.
- Merit or a common general increase - Burris, Thompson & Associates would recommend a percent of payroll salary increase budget based on data concerning employers' salary increase budgets for 2020, desired merit pay parameters, and the position of the City's salaries relative to the market.

Burris, Thompson & Associates would project the total cost (including impact on FICA and retirement plan funding) of recommended employee salary adjustments.

Burris, Thompson & Associates will review proposed pay structure and salary adjustments with the City and make revisions as needed based on feedback.

## **F. Develop Implementation Plan**

Burris, Thompson & Associates will assist the City in creating a plan for implementing the updated pay plan. The plan would include proposed effective date of pay changes, employee communications and pay change procedures as applicable. We will determine the potential cost of implementing the updated pay plan. If deemed to be excessive given current budgetary constraints, we would develop a plan for implementing the proposed increases over a two year period.

## **G. Present Final Report**

Burris, Thompson & Associates will prepare a concise final report that includes:

- Explanation of the pay study methodology.
- Market rates for all jobs.
- Comparison of current City of Franklin pay ranges and employee salaries to those market rates.
- Assignment of all jobs to pay grades.
- Adjusted pay ranges.
- Recommended individual employee pay adjustments resulting from implementation of the updated pay plan.

- Calculation of the total implementation costs.

If desired, Burris, Thompson & Associates will present the findings and recommendations to the Board of Mayor and Aldermen.

### **Timetable**

Given our anticipated workload, the project should be completed by February 1<sup>st</sup>.

### **Applicable Law; Choice of Forum/Venue**

This agreement constitutes the entire agreement and is made under and will be construed in accordance with the laws of the State of Tennessee without giving effect to any state's choice-of-law rules. The choice of forum and venue shall be exclusively in the Courts of Williamson County, Tennessee. The Burris, Thompson & Associates acknowledges and agrees that any rights or claims against the City of Franklin or its employees, or elected or appointed officials hereunder, and any remedies arising there from, shall be subject to and limited to those rights and remedies, if any, available under Tenn. Code Ann. §§ 9-8-101 through 9-8-407.

### **Arbitration/Mediation**

No arbitration shall be required as a condition precedent to filing any legal claim arising out of or relating to the Contract. No arbitration or mediation shall be binding.

### **Fee Estimate**

Based on the scope of our services outlined above, our estimated fees for the project, including expenses, are provided in Table 1 below.

We anticipate the project will require approximately 95 consulting hours and that our fees will not exceed **\$14,950**. If the scope of the project is significantly increased by the City of Franklin from the services outlined above, we will bill additional hours at the rate of \$150 per hour. Such hours would be subject to your approval in advance. Similarly, our fees will be less if our involvement is less than that specified in our proposal.

<b>TABLE 1 ESTIMATED FEES</b>	
<b>Project Activity</b>	<b>Professional Fees</b>
1) Review job descriptions; compile market data and develop City of Franklin market comparisons; review with City.	\$ 7,200

2) Recommend Pay Structure adjustment including re-classification of selected jobs as suggested by the data; review with City.	\$ 2,050
3) Determine recommended employee salary adjustments; develop cost projections; review with City.	\$ 4,200
4) Final report/presentation.	\$ 1,500
<b>TOTAL</b> (includes all expenses)	<b>\$14,950</b>

Note that the above does not include Police – the work on the review of Police compensation is already underway; associated fees will be less than the submitted \$5,000 estimate.

We appreciate the opportunity to work with you on this project. Please call me if you have any questions concerning our proposal.

Your signature below will indicate agreement with the scope of services outlined above and our estimated fees for the project.

Sincerely,



Steven J. Thompson  
Vice President

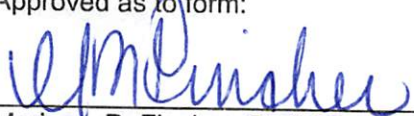
Accepted.

Signature:   
City of Franklin Representative

Title: City Administrator

Date: 01/06/2020

Approved as to form:

  
Maricruz R. Fincher, Staff Attorney