

**City of Shelbyville**  
**Mayor & City Council Special Called Meeting**

**Special Called Meeting: April 20, 2021**

**Time: 12:00 PM**

**Place: Shelbyville Recreation Center, 220 Tulip Tree Road, Shelbyville, TN 37160**

**I. Call to Order**

**II. Roll Call**

**III. Adopt the Agenda**

**IV. Business**

A. Review & Discussion of Salary Study

**V. Announcements**

**VI. Adjourn**

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Mayor Wallace Cartwright



City of Shelbyville, Tennessee  
City Council Meeting Staff Summary

To: Mayor & City Council  
From: Joshua W. Ray, City Manager  
Date: 20 April 2021  
Subject: Thompson Pay Plan Study

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**Description:** The City hired Burris, Thompson, & Associates (Stephen Thompson) to complete a compensation study of our existing pay structure. Mr. Thompson used 16 cities and counties to compare our pay plan to and to develop a new pay structure. (The proposed pay plan only used public sector jobs for the comparison and analysis.)

Mr. Thompson presented his findings to the City Council in November 2020. At that time, the City Council requested to table this discussion until after the new City Manager was hired. The Personnel Committee met two weeks ago to review the findings and prepare to present the information to Council.

Current City of Shelbyville Pay Scale midpoints are at approximately 84% of the Market Rates analyzed for each job. Current employee salaries are at approximately 93% of the job market average.

**Staff Recommendation:** Staff is recommending the adoption of a new pay plan with 15 pay grades with a pay range for each grade. The “range” will include starting, midpoint, and top pay points. The purpose of utilizing the pay range is to allow for modifications annually based on Council approved Cost of Living Allowance (COLA) changes and Council approved merit increases.

Staff is recommending implementing two pay modifications annually. The first is the COLA increase. The COLA is based on the Consumer Price Index Urban Wage Earners value. This value is set annually and will be the staff recommendation to City Council. For FY21, we are recommending a COLA of 1.5%. The COLA is applied annually to the entire pay plan, effectively ensuring that the pay plan continues to elevate based on the annual COLA. This reduces the occurrence of our pay plan becoming out of line with the job market.

The second pay modification that we are recommending is a merit-based increase. The merit-based system creates an incentive for good and excellent job performance. Merit increases are given to employees who score “good” or “excellent” on their annual performance evaluation. Staff is recommending a maximum merit increase of 1.5%, with a score of “good” worth 1.0%.

Currently, we are experiencing difficulty attracting applicants for jobs within the Parks & Recreation Department and Public Works. These positions do not pay as well as some of our other positions and recruitment has become a struggle. No longer are we concerned with attracting qualified applicants as we aren’t attracting any applicants. (The Parks Department lost an employee this week who took a better paying position with a local rental furniture business.)

To implement the new pay plan, each employee would be reclassified into the job grade. The employee would enter the pay plan within the range of the specified grade. Once that position is placed within the range, using the preliminary pay steps, then we would move to the next closest step. In order to reach the 96% point of the market, we are requesting one additional step beyond the previous step. This would result in an average “new” employee salary index of 96% of the market. (The existing “current” employee salary index is 90%).

If these increases are approved by City Council, the average employee annual increase is \$1,766.

At the personnel committee meeting, it was discussed to raise the entry level of all full-time City jobs to \$13.20/hr. Doing so would require appropriation of approximately \$75,000 annually. To increase the starting wage for all City positions to \$15/hr. would require an annual appropriation of approximately \$210,000. These figures would alleviate some of the impacts of implementing the new pay plan but, if only completed at the bottom of the pay plan, would create compression issues within the plan (requiring additional adjustments).

We have some dedicated employees within the City. Our average job tenure is 9.7 years. The Police Department has the highest tenure average with 12.0 years while the Fire Department is 2<sup>nd</sup> with an average job tenure of 9.9 years.

To provide for tenure adjustments, the recommendation is that each employee with 10-20 years would receive an additional step increase while employees with 20 or more years would receive a two-step increase. There are 31 employees that have 10-20 years of experience and 38 employees with 20 or more years of experience.

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<b>Economic Impact:</b>	Impact of entering the new pay plan at Step 1A	- \$158,943
	Impact of moving to the next closest step	- \$118,112 (plus step 1A above)
	Impact of moving one additional step	- \$242,879 (plus step 1A & next)
	Impact of Tenure adjustments	- \$154,084

To implement the full recommendation of the pay plan market study, the City would need to designate \$674,018. This figure represents the full \$543,563 increases and the ensuing benefits that accompany those pay increases.