

# Council Communication

## December 15, 2014, Study Session

---

### **Council discussion of succession planning and department head compensation**

---

**FROM:**

Dave Kanner, city administrator, dave.kanner@ashland.or.us

**SUMMARY**

In the course of the Council's recent strategic planning and goal setting, there was discussion of succession planning, as there are several department heads who are likely to retire in the next few years. Although it was agreed that succession planning is an administrative task and it did not make the final list of Council goals and objectives, there was a request for a study session discussion of this subject. The Mayor subsequently requested a discussion of department head compensation, as such compensation is tied to our ability to recruit the best and brightest candidates to City of Ashland positions and to encourage internal candidates to work toward such positions. A review of other, similarly sized cities found that our department head salaries are competitive, however Ashland is not competitive with larger cities of similar staff size and complexity. Adjusting the department head pay structure is also covered in this communication.

**BACKGROUND AND POLICY IMPLICATIONS:**

Even before this came up as a Council discussion topic, I had been working with our human resources manager to create a "leadership academy" for the City's management staff and others in the organization who have demonstrated the potential to move into management positions. I have also had conversations with the leadership of other large organizations in the community to assess the potential for combining our training resources into an effort that could benefit multiple large employers and not just the City. We are currently in discussion with various trainers to provide sessions on subjects such as team leadership, integrity and customer service, initiative and risk-taking, etc.

Subsequent to the Council discussion of succession planning, the Mayor raised questions about department head salaries and whether the department head salary scale offered by Ashland is sufficient to attract the types of candidates we would like to have for these positions and whether our department head salaries are competitive with comparable cities. The question of what constitutes a "comparable community" is a tricky one. If we look only at cities of comparable population, Ashland department head salaries are about average. However, if we look at larger cities that are similarly complex in terms of scope of services and citizen engagement, Ashland lags slightly behind. A spreadsheet showing this comparison is attached. (These comparisons do not include benefits or deferred compensation, nor do they account for the significantly higher cost of housing in Ashland.)

In addition to the City's competitiveness in the marketplace, there is a longstanding problem with "compression" between department heads and senior managers in some departments. For instance, a deputy police chief, with longevity and education bonuses, earns more than the third step in the police chief range. A Fire Department battalion chief, with overtime, earns as much as the top step of the fire



chief range. This compression creates an economic disincentive to promote into a department head position.

Finally, it must be acknowledged that many, many factors, not just salary, come into play when candidates consider whether to apply for department head positions with the City of Ashland. However, salaries that are too low likely limit the field to an undesirable degree.

The mechanics of adjusting department head pay are discussed under fiscal implications below.

**COUNCIL GOALS SUPPORTED:**

N/A

**FISCAL IMPLICATIONS:**

If the City Council decides to move forward with increasing department head salaries, I would propose to do so by adding steps to the existing range. (Two additional steps at 5% each.) Therefore, there would not be any fiscal impact until FY 2016, at which time all department heads who are currently at top step would receive an additional 5% pay raise. The additional cost to the City would be a function of the number of department heads who are at top step at that time. However, assuming that no department heads other than the Police Chief retire between now and then, the additional cost to the City (just in that fiscal year) would be about \$54,000, plus an additional \$13-14,000 in payroll roll-ups, spread across multiple funds.

Note that if we increase the department head salary range, we should also increase the ranges of the city attorney and human resources manager. Such increases are not discussed in this Council Communication and are not factored into the numbers above.

**STAFF RECOMMENDATION AND REQUESTED ACTION:**

N/A

**SUGGESTED MOTION:**

N/A. This item is scheduled for discussion only.

**ATTACHMENTS:**

Department head salary comparison



SUMMARY DEPT HEAD COMPARISON

**Average of Smaller Comparables:**  
*Grants Pass, Klamath Falls, Central Point, Redmond, Roseburg, Forest Grove*

**Average of Larger Comparables:**  
*Corvallis, Bend, Medford, Springfield*

**Average of ALL Comparables:**

Position:	Ashland		AVERAGE		AVERAGE		AVERAGE	
	Min	Max	MIN	MAX	MIN	MAX	MIN	MAX
Police Chief	\$94,130	\$114,416	\$88,846	\$117,428	\$89,124	\$129,704	\$88,957	\$122,338
Fire Chief	\$94,130	\$114,416	\$97,720	\$117,428				
PW Director	\$94,130	\$114,416	\$87,560	\$116,650	\$90,285	\$131,034	\$88,416	\$122,464
Community Development Director	\$94,130	\$114,416	\$86,280	\$115,010	\$88,449	\$128,561	\$87,147	\$120,430
IT/Electric Director	\$94,130	\$114,416						
Finance Director	\$94,130	\$114,416	\$86,088	\$114,714	\$87,606	\$127,292	\$86,696	\$120,431

\* Police and Fire Chief are paid at the same level in all agencies, however several cities don't have fire services, so the actual average for Fire Chief calculates inconsistently due to fewer comparable matches

\* Springfield combines PW and Community Development under one Director

\* There were not enough comparables for IT and Electric Director for a meaningful salary comparison