HIGHLANDS RANCH METROPOLITAN DISTRICT
BOARD MEETING ADDENDUM

November 29, 2016

Addendum documents can also be viewed at
http://highlandsranch.org
or
http://intranet.highlandsranch.org/default.aspx

- Highlands Ranch Metro District Executive Compensation Update, Executive Market Analysis Methodology Report, Market Analysis spreadsheet
- Financial Dashboard
- 2016 – A Look Back
Highlands Ranch Metro District

Executive Compensation Update
November 2016
Project Methodology

- Discuss objectives; review last update (2012)
- Review updated job descriptions
- Conduct interviews with job incumbents
- Match jobs to survey description(s)
- Collect salary survey data
- Present updated ranges
- Consider financial impact
Strategic Review

- Review organizational mission & culture
- Consider labor market / business climate
- Identify skill sets and scope of position
Job Matching Process

• Compare internal job data to survey documentation
• Require at least 70%-80% match of duties and qualifications
• Acquire input & approval
• Identify match by responsibilities – not title
External Equity

• Determines the relative value of jobs by what a defined labor market pays
• Used by almost all organizations
• Considers how well organization pays in relation to others
Survey Considerations

What the George Washington Bridge would look like if the engineering data were as accurate as survey data.
What is Credible Survey Data?

- Methodology
  - Definition of terms
  - Verification/validation procedures
  - Timeliness
  - Presentation of data/statistics
- Job Descriptions
- Participants
- Employer reported pay rates
- Sample size
Surveys Used

- MSEC 2016 Colorado Benchmark Compensation Survey
  (Denver/Boulder) 379 jobs; 429 participants; 40,089 reported employee pay rates

- MSEC 2016 Public Employers Compensation Survey
  (Denver/Boulder) 418 jobs; 156 participants; 40,980 reported employee pay rates
Aging Data

- Increases market data to future point in time
- Allows for consistent comparison when using various surveys with different collection dates
- Based on Employment Cost Index (ECI) – measures change in cost of labor
Internal Equity

- Determines the relative value of jobs within an organization
- Considers compensable factors
  - Knowledge
  - Decision-making
  - Accountability
- Balances external equity
Salary Grade

- A grouping of jobs with similar duties and qualifications

- All jobs in the grade have the same range minimum, midpoint, and maximum
### Salary Range

Used to establish the limits of value or payment for jobs

<table>
<thead>
<tr>
<th><strong>Minimum</strong></th>
<th>Lowest pay rate in a salary grade</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Midpoint</strong></td>
<td>Market average</td>
</tr>
<tr>
<td><strong>Maximum</strong></td>
<td>Highest pay rate in a salary grade</td>
</tr>
</tbody>
</table>
Evaluation

• Compare ranges based on market data to current structure

• Considerations:
  • Budget
  • Internal equity
  • External equity
  • Individual equity
Questions

Candy Siderius, CCP, SPHR, SHRM-SCP
Manager, Compensation Consulting
csiderius@msec.org
303.223.5409
Highlands Ranch Metro District

Executive Market Analysis Methodology Report

November 2016

COMPENSATION
CONSULTING
SERVICES

PREPARED BY:

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Manager
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Introduction

Highlands Ranch Metro District (HRMD) asked Mountain States Employers Council, Inc.’s (MSEC) Compensation Consulting Services group to serve as an objective third party and conduct an updated market analysis for their executive positions. MSEC last reviewed these positions in 2012. Candy Siderius, Manager, was the lead consultant on this project. This report presents the methodology we follow when conducting a market analysis. Highlights of this process are included below.

- Review of Objectives
  In order to conduct this update, we agreed on the following outcomes:
  - Examine updated job descriptions for each position in order to identify any changes.
  - Conduct interviews with each incumbent to gain additional information regarding skills and scope of responsibilities.
  - Identify job matches for each position based on an understanding of the labor market and the skills, competencies, and responsibilities of each position.
  - Establish proposed salary ranges based on the market data.
  - Present results to the Board of Directors.

- Conduct Interviews
  Interviews were scheduled with the following incumbents:
  - Terry Nolan, General Manager, Highlands Ranch Metro District
  - Carrie Ward, Director of Parks and Recreation
  - Jeff Case, Director of Engineering and Public Works
  - Bruce Lebsack, Director of Finance and Administration
  - John Kaufman, General Manager, Centennial Water and Sanitation District
  - Tim Grotheer, Director of Water/Wastewater, Centennial Water and Sanitation District

  During each interview, we discussed the scope of the position, any specific challenges faced, and other details regarding job scope. It is important to note that two positions - Director of Engineering/Public Works and Director of Finance and Administration - work for both Highlands Ranch Metro District and Centennial Water and Sanitation District.

- Comparison of Positions to Salary Surveys
  We compared the characteristics of each position to those in the salary surveys to identify positions with similar scope of responsibilities, budget size, and industry. While exact matches may not always occur, we took care to assure that a significant degree of comparability existed before using the survey data. We strive for a 70 to 80 percent correlation between the incumbent’s job responsibilities and the duties listed in the surveys.
Salary Surveys and Data Lines
MSEC’s consultants use well-established salary surveys as the sources for market data. The specific surveys and the data lines used in this analysis are as follows:

- MSEC 2016 Colorado Benchmark Compensation Survey - Denver/Boulder and $25 – $99.9 million budget data lines
- MSEC 2016 Public Employers Compensation Survey - Denver/Boulder

After we determined the final job match, we collected the salary information. These survey sources represent the labor markets you compete within and include positions with similar skills, knowledge, and competencies. We also considered the number of incumbent pay rates reported in the sample. We make an effort to use data with 30 rates or more whenever possible in order to have a more statistically accurate average. Given the level of these positions, data was more limited.

Salary Survey Data Adjustment
Since the effective dates of the salary survey data varied by survey, MSEC aged the information and brought it forward to a common date of January 1, 2017. We used an adjustment factor that represents the annual percent of salary movement for the public sector.

The U.S. Department of Labor, Bureau of Labor Statistics, compiles and publishes the Employment Cost Index (ECI) every quarter. The ECI reflects the percentage change in employer costs for employee compensation. As of the end of the third calendar quarter, the current ECI rate is 2.0 percent for state and local government workers. We prorated this factor based on the period from each survey’s collection date to January 1, 2017.

Proposed Salary Range
Based on the survey data averages, we established a range midpoint. We calculated a minimum and maximum using a spread of 60%. As market data focuses on payment for the job, the salary range allows an organization to pay the incumbent according to organizational philosophy, strategy, and individual contribution. This can include specific goal accomplishment, performance, length of service or any other criteria that is deemed important.

We have included a spreadsheet that details the survey sources, job matches, and market data used for analysis as well as the proposed salary range based on the information collected. We did not review current pay rates compared to the proposed ranges.

Person-Based Pay versus Job-Based Pay
When deciding upon an appropriate level of pay for an employee, most employers solicit information on the “going rate” for a job through use of a salary survey and then pay according to the above-mentioned criteria. This serves as an administrative tool and is a “job-based pay” approach. However, when considering executive pay,
organizations may want to add to the decision-making process the degree of difficulty finding a replacement with the breadth and depth of knowledge, including requisite skills and competencies. Performance, demonstration of management skills, contribution and results also play a critical role in determining the level of pay provided to an incumbent. For such critical positions, organizations may choose to provide additional rewards that the incumbent values. At the executive level, examples include deferred compensation, perquisites of travel and travel insurance, and club memberships.

Summary

Compensation is a fluid and dynamic part of human resources. Total compensation offered to executives can be difficult to determine and is often scrutinized from many different perspectives. We recommend that every organization establish a clearly defined total compensation strategy and philosophy which will guide the design and direction of the plan.

While salary data is a tool for helping set pay practices, operational excellence is usually driven by many variables. Balancing a variety of factors, including performance and organizational goals, along with market analysis are part of the salary decision process.

We appreciate the opportunity to work with you. Please let us know if you have any questions or concerns about this project.
### Proposed 2017 Ranges

<table>
<thead>
<tr>
<th>Job Title</th>
<th>% Change in Midpoint from 2016</th>
<th>Proposed 2017 Range</th>
<th>% Change in Midpoint from 2016</th>
<th>Current Salary Range</th>
<th>Proposed 2017 Range</th>
<th>% Change in Midpoint from 2016</th>
<th>Comments for Proposed 2017 Ranges</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Manager - HRMD</td>
<td>10%</td>
<td>$129,600 - $168,500</td>
<td>60%</td>
<td>$128,800 - $167,500</td>
<td>$129,600 - $168,500</td>
<td>60%</td>
<td>Proposed range is 10% above current range.</td>
</tr>
<tr>
<td>General Manager - CWSD</td>
<td>10%</td>
<td>$112,399 - $146,119</td>
<td>60%</td>
<td>$128,800 - $167,500</td>
<td>$112,399 - $146,119</td>
<td>60%</td>
<td>Proposed range is 10% above current range.</td>
</tr>
<tr>
<td>Director of Finance and Administration</td>
<td>10%</td>
<td>$128,800 - $167,500</td>
<td>60%</td>
<td>$128,800 - $167,500</td>
<td>$128,800 - $167,500</td>
<td>60%</td>
<td>Same range as Director of Parks - no change in current range as data is lower.</td>
</tr>
<tr>
<td>Director of Engineering/Public Works</td>
<td>10%</td>
<td>$128,800 - $167,500</td>
<td>60%</td>
<td>$128,800 - $167,500</td>
<td>$128,800 - $167,500</td>
<td>60%</td>
<td>Same range as Director of Water/Wastewater - 5% above current range.</td>
</tr>
<tr>
<td>Combined Range for Finance/Engineering</td>
<td>5%</td>
<td>$112,300 - $146,000</td>
<td>60%</td>
<td>$117,800 - $153,180</td>
<td>$112,300 - $146,000</td>
<td>60%</td>
<td>Range is 10% lower than Gen Mgr range and 10% above current range.</td>
</tr>
<tr>
<td>Director of Water &amp; Wastewater</td>
<td>10%</td>
<td>$97,095 - $126,223</td>
<td>60%</td>
<td>$97,095 - $126,223</td>
<td>$97,095 - $126,223</td>
<td>60%</td>
<td>Same range as Director of Parks - no change in current range as data is lower.</td>
</tr>
<tr>
<td>Director of Parks, Recreation &amp; Open Space</td>
<td>10%</td>
<td>$92,471 - $120,213</td>
<td>60%</td>
<td>$92,471 - $120,213</td>
<td>$92,471 - $120,213</td>
<td>60%</td>
<td>Same range as Director of Water/Wastewater - 5% above current range.</td>
</tr>
</tbody>
</table>

### Terms

- **Labor Market**: A place where labor is exchanged for wages. Defined by complex combination of 1) geography 2) education 3) experience 4) certification 5) industry and 6) revenue or budget for higher level positions.
- **Labor Supply & Demand**: When a skill set is in demand due to workforce expansion, scarcity of experienced applicants, job restructuring, technology, etc., salaries typically increase. The reverse may also apply depending upon economic and labor market conditions.
- **Employment Cost Index (ECI)**: The ECI measures changes in the cost of labor over time. It is an economic measure published by the Bureau of Labor Statistics.
- **Aging Data**: The practice of increasing salary survey information by a wage movement factor to bring all data to a consistent point in time.
- **Minimum**: The lowest rate an organization is willing to pay for jobs within a particular salary grade.
- **Midpoint**: The point midway between the minimum and maximum rates of an established salary range. Frequently considered equal to market for fully proficient performers.
- **Maximum**: The highest rate an organization is willing to pay for jobs within a particular salary grade.
- **Range Spread**: The width of a salary range, expressed as the percent difference between the minimum and maximum of the range.
- **Salary Grade**: An established grouping of jobs that are similar in skill, effort, responsibility and working conditions, or that are priced similarly in the labor market.
- **Weighted Average**: Determined by multiplying each reported rate of pay for a specific job by the number of employees receiving that rate; adding the results of these calculations; and dividing this sum by the number of employees reported in that position. Also known as the “mean.”
Financial Dashboard

Highlands Ranch Metro District | November 29, 2016
Why a financial dashboard?

- Finance Department Mission:
  - To provide friendly and efficient service and timely dissemination of information to those who count on us for support: colleagues, residents, contractors and vendors, while maintaining the integrity and quality standards necessary to protect our resources.

- Desire to provide stakeholders with an easy and quick way to understand budgets and actual spending.
Selection Criteria/Process

- Easy for stakeholders to navigate and understand
- Communication tool that will easily incorporate priority based budgeting
- Integrate with current accounting software
- Low cost
- Focused on software packages that provide government solutions
- Attended free webinars and demonstrations
  - Evaluated nine options
Socrata – Open Budget

- Also used by Douglas County
- Easily integrates with current accounting software
  - Plan to update actuals twice a month
Talking Points For Your New Program:

1. It's an important milestone on the path towards becoming a data-driven government.
2. Unlocking data enables access across agency and department lines.
3. Data is a new tool for everyday citizens, as well as government staffers.
4. Strategic use of data has the power to optimize operational excellence, and positively impact citizens’ lives and economic growth.

- Charts, graphs, and maps make the data more accessible and understandable.
- Citizens can drill down using interactive features to find answers to their questions.
- Citizens can now see where their taxpayer dollars are going (financial transparency).
Feedback

- Please visit our demo site:
  - highlandsranch.budget.socrata.com
  - Login: demo; Password: demo

- Email any comments or suggestions to: sstanley@highlandsranch.org
2016 A look back

November 2016
Review of 2016 Goals
July 2015
Eight Community Entry Monuments:

- New letters, logo and rock work
- New landscape in spring 2017
Parkway Fence Replacement

Replaced 11,300 lineal feet of fence on South Broadway - Denver Water easement / Foothills Trail to Marcy Gulch
Shea Stadium Synthetic Turf Replacement

- Funding partnership with Douglas County School District
- New synthetic turf at Shea Stadium
Northridge Park Renewal
Phase 1 Construction

• Expanded and remodeled restrooms

• Planning for Phase 2:
  • Drop off area, retaining walls, field and irrigation improvements, trail widening and fencing
University & Broadway Medians
Landscape Construction

- New landscape plans developed
- Demolition completed
- New lettering and logo on wall monuments
- Hardscape completed
- New landscape in spring 2017
Diamond K Park
Playground Replacement

“A couple hours after the playground was open there were over 50 kids playing on it and it was such fun to see the parents and kids enjoying it.

We really appreciate all the hard work. Thanks for making Highlands Ranch such a great place to live.”

Emily Dalzell
Highlands Ranch Mansion

Partnership with Douglas County

- Electrical Improvements in Front Lawn
- Chum Howe Young House
  - HazMat removal
  - New windows replaced
  - Exterior painted
  - Roof replacement scheduled
Highlands Ranch Mansion

Partnership with Douglas County

Courtyard Pavers
Highlands Ranch Mansion

Partnership with Douglas County

Marion’s Garden
Highlands Ranch Mansion

Windmill Repair

- Response to Storm Damage
- Funding Request to Douglas County
- Current Structural Assessment
Planning deferred in response to Shea’s letter of intent to transfer property in 2026
Service Center Yard Improvements

Fleet Parking Resurfacing

Major Repair (new)
Triple Sticks Park Planning in Partnership with Shea Properties

- Finalizing Park plan and budget
- Draft agreement prepared
Infrastructure

- Utility coordination, review and approval
- Pipe 51 bore across C 470
- Traffic Design and signal determination
Finalize Feasibility Study / Business Plan for Ice Arena

- If appropriate, implement funding scenarios
Business Park Development

Ice Arena

- Partnership with South Suburban
- Site selection prepared by HRMD–SSPRD evaluation underway
- Discussion with Douglas County Planning on zoning
Planning Participation and Partnerships

- RTD – SW Light Rail Station funding options
- RTD – Call-n-Ride route adjustments
Design and Construction of Regional Facilities - C470

- Metro District partnership - joint water quality facility improvements and project staging

Douglas County - Highlands Ranch Roads

- Final year of major arterial road repair/restoration
- Over $40M spent in past six years
- Metro District initiated program with County

CDOT/Douglas County – US 85

- Corridor Study and Public Process
Fire & Emergency

LFR Master Plan

Priorities
Priority 1 – Reduce turnout time
Priority 2 – Add peak hour medic
Priority 3 – Expand Quick Car hours
Priority 4 – Quantify call answer and transfer time

When
2015 - Complete
2016 - partial
2016 - Complete
2016 - in progress
Fire & Emergency
LFR Master Plan

Priorities
Priority 5 – Add peak hour medic units to stations 12, 14, & 18
Priority 6 – Improve facilities
Priority 7 – Add Battalion Chief
Priority 8 – Evaluate Trailmark service delivery options
Priority 9 – Add two stations

When
2018 – 2022
ongoing
2017 – 2020 - partial
2016 – 2017 - Complete
2018 – 2020 - partial
Undeveloped School Sites

- Toepfer Park
- Cresthill Lane
- Cactus Bluff Ave.

Completed evaluation of three School District sites and presented recommendations
Senior Outreach Programs

- Stakeholder meeting with service providers
- Senior Outreach services
- 50 & Better Together programs
- Community events
Priority Based Budgeting

Begin transition to Priority Based Budgeting

- Implementation of Forecast Tool at June Visioning Workshop
- Presentation from Center for Priority Based Budgeting to Board
- Implementation of Financial Dashboard
Financial Reporting Software

Acquired Financial Reporting Software (Dashboard) – Open Budget

- Improved reporting
- Integrate with existing accounting software
- Integrate with priority based budgeting inputs
- Go live December 2016
Stormwater

Updated 2009 Master Plan
• Completed assessment by drainage basin
• Updated total costs and 20 year phasing plan
• Evaluation recommended slight increase in fees

Regulatory Issues
• Waters of the US ruling – Significant cost impacts
• Stormwater Permit renewal – Ongoing
Forestry

• 181 new trees planted
• High Line Canal Trail hazard tree removal with Denver Water

Probably ongoing and one time
Board approved staff recommendation to contract installation of Holiday Lights for 2016
Parking Lot Resurfacing
Maintenance of commercial parkway landscapes – carry over to 2017
Facility Security Systems Upgrades

Service Center
- New security system and cameras
- New building access system
Establish Messaging Plan

- Messaging established
- Highlandsranch.com March 2017
• Researched landscape alternatives
• 2017 study by consultant
The Best
Best Parks

• “...thanks in general for the great upkeep of the various parks and trails throughout Highlands Ranch. I use the trails a lot, and the crews that I see are always friendly and courteous.” – Bob Kocar
2015 Mill Levy Comparison Collected in 2016

- HR Metro District
- Ken Caryl
- The Meadows
- Stonegate
- Bowles Metro District
- Roxborough

Legend:
- Metro District
- Taxes by Other Organizations
Best Customer Service

• “You are very responsive, which dealing with a government agency, is very satisfying and unusual.” –Pat Carroll
Best Stormwater Utility

- Stormwater Fee Comparison
Best Open Space
“Quebec median has really looked great these last few months! I know it has been a challenging project but the results were worth the hard work!” –Nancy Smith
Best Community Map
Best Refunding

- $29.8 M
- 1.8%
- $2.9 M Net present value

Allowed Board Vision Execution
Best Channel Stabilization
Best Historic Mansion

- “I couldn’t be more proud of the professional service we received from the Mansion staff.” – John Kilrow
- “…we had a wonderful experience with the mansion. Our wedding was perfect.” – Nikki Ward
“The outstanding service that I have come to expect from Metro District continues. The fence is looking great again and should for many years. I appreciate that Metro District does not do the “easy” fix (throw some paint on the bad rails) but fixed the fence for the long term. –Frank Wanken
Best Recreation
“I just have to pass on a note of thanks and let you know that I was totally impressed with how the trails looked this morning! Our house backs against open space and the trail was being plowed at about 5:45 am! I couldn’t believe it. I am so glad I live in a place where you take such nice care of roads, landscaping, parks, etc.”

Susan Davis
Best Support Staff
Best Collaborative Government
Awards and Accolades
Certificate of Achievement for Excellence in Financial Reporting

21st Consecutive Year

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to
Highlands Ranch Metropolitan District
Colorado

For Comprehensive Annual Financial Report for the Fiscal Year Ended
December 31, 2015

Jeffrey L. Brown
Executive Director/CEO

HIGHLANDS RANCH
Metro District
6. Highlands Ranch, CO
   “...because crime is low, the schools are top-notch, and jobs are plentiful. UCHealth plans to build a $315 million hospital in Highlands Ranch by 2018”

September 2016
http://time.com/money/4480734/highlands-ranch-colorado/
1. Highlands Ranch, Colo.: With the lowest adult obesity rate in the country, Colorado residents are the healthiest in the country. Highlands Ranch also has a relatively low rate of childhood obesity.
Douglas County economy contributes to No. 1 ranking in U.S.

New businesses, low unemployment rate of 3.2 percent are both factors

Douglas County’s economy contributes to number 1 ranking in US

http://www.douglas.co.us/douglas-county-economy-contributes-to-no-1-ranking-in-u-s/
2. Douglas County, CO

Though it wasn’t quite up to Loudoun standards, Douglas County was still pretty darn awesome. With the highest graduation rate, a whopping 97.2 percent, you’re bound to get a good education here or provide one for your family. Only about 2 percent of families here were below the poverty line as well, which ranked No. 1 for that category.

People were willing to pay a pretty hefty sum to live here, but that’s okay, considering that households here made a median income of over $94,000 a year. That was enough for the third place income ranking, and likely enough to pay for the 29th most expensive housing costs on our list.

These Are the Ten Best Counties in America
(Douglas County ranked 2nd)
2. Highlands Ranch
Only a 30-minute drive from Denver, this community has everything: inviting neighborhoods, acclaimed schools and plenty of venues for outdoor pastimes. Mountain Vista High is regularly recognized for its excellence, and the students consistently outperform the rest of the state. This past year, for instance, the high school’s average ACT score was three points higher than that of the state. As for entertainment, Highlands Ranch residents have their choice from four recreation centers, two dozen parks and two golf courses.

Nerd Wallet ranks Highlands Ranch second as Best Colorado Towns for Young Families (July 2013)
http://www.nerdwallet.com/blog/2013/best-towns-colorado-young-families/
Opportunities Abound
Addendum

2016 Additional Accomplishments
Highlands Ranch Park and Recreation Foundation

- Golf tournament raised $14,000
- Purchased additional furnishings for Highlands Ranch Mansion
Highlands Ranch
Veterans Monument

Concrete staining

original staining in 2007
recent staining

Note: sculpture base was stained days prior to the arms of the star. This color appears more purple when first applied but dulls to a more red/brown appearance after time. They are both the same color. The star arms will fade the same as the sculpture base did.
Cell Site Management

- Provide expanded cell coverage to all carriers for residents
- Generate over $475,000/year in revenue for major repair fund
Vision & Action Plan:

- Learn and Connect Campaign – 500 people
- Developed network of community leaders – 900 people
- E-newsletter – 2,400 recipients
- 12 public forums – 1,200 attendees
- Two online surveys – 600 respondents
- Eight strategic input sessions – 40 leaders
- Two City at Play events – 50 children
Falcon Park
Concession Building
Upgrades & Parking Lot Resurfacing

Major Repair
Channel Stabilization

• Continued work in Big Dry – Cheese Ranch
  • Partnership with UDFCD, $890K matching funds
  • Significant challenges and delays due to archeological sites
  • Issues addressed with design changes and protection
• First community in Colorado to convert streetlights to LED
  • Rate and maintenance cost reduction

• Continued cooperative process with Xcel to replace corroded light poles

• Inspection by staff of streetlight outage resulted in billing penalty to Xcel that totaled $67,200
Highlands Ranch Mansion

Operations

- Mansion roof replacement
- 2016 Spring storm repairs
- End of year deep clean