October 25, 2017

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

- Compensation Plan
Compensation Plan
Compensation Plan

The Districts adopt the Compensation Plan Guide annually so that:

- The Districts’ stakeholders can understand the practices used in determining compensation of employees.

- Management has a framework to use to calculate the adjustments.
Compensation Plan: Goals

Ensure market competitiveness to attract and retain employees

Recognize proficiency and reward good performance

Be consistent throughout the process
MSEC Surveys

➢ Colorado Benchmark Compensation Survey
  - 410 total participating organizations
  - Denver / Boulder - 255 participating organizations
  - 59 government organizations

➢ Public Employers Compensation Survey
  - 173 total participating organizations

➢ Survey Team is comprised of compensation specialists.

*Ensure market competitiveness to attract and retain employees*
Compensation Plan

• Percentage increases determined by:
  ➢ Structure Adjustment (Exhibit 1)
  ➢ Performance allowance to move employees across ranges over time (Exhibit 2)
    • Non-exempt employees reach market in 7 years
    • Exempt employees reach market in 9 years

*Ensure market competitiveness to attract and retain employees*
2017/2018

Key Adjustments are based on Mountain States Employers Council as of May 2017

Average Percentage Increase in Pay Structure (ranges) as follows:

2016

PRIOR revised adjustment 1.70%
ACTUAL adjustment 1.50%
-0.20%

2017

INITIAL PROJECTED adjustment 1.80%
REVISED adjustment 1.50%
-0.30%

2018

ORIGINAL projection 1.80%

Our range & matrix change will be 1.30%

Wage Increases 5 year History

Performance Structure
Preliminary Budget - Compensation

- Used plan calculation of 3.3% increase based on:
  - 1.3% structure
  - 2.0% performance
- Mountain States Survey projected increases

<table>
<thead>
<tr>
<th>2018 Projected August 2017 Average or Typical Employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without zeros</td>
</tr>
<tr>
<td>Denver/Boulder</td>
</tr>
<tr>
<td>3.1%</td>
</tr>
</tbody>
</table>

Ensure market competitiveness to attract and retain employees
Comp Plan Matrix - Exhibit 2

- Percentage increase based on matrix
  - Employee’s rating compared to peers
  - Employee’s position within a salary range

*Recognize proficiency and reward good performance*
Exhibit 2

### Employees Below Midpoint

<table>
<thead>
<tr>
<th>Performance</th>
<th>RANGE</th>
<th>Avg Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above Average</td>
<td>4.30%</td>
<td>5.30%</td>
</tr>
<tr>
<td>Average</td>
<td>3.05%</td>
<td>4.55%</td>
</tr>
<tr>
<td>Below Average</td>
<td>2.55%</td>
<td>3.30%</td>
</tr>
</tbody>
</table>

### Employees Above Midpoint

<table>
<thead>
<tr>
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</tr>
<tr>
<td>Below Average</td>
<td>1.30%</td>
<td>2.30%</td>
</tr>
</tbody>
</table>

Recognize proficiency and reward good performance
Other Opportunities for pay increases

- Promotions
- Transfers
- Tech Advancements (PROS)
- Certifications (Centennial)
- Proficiency

Recognize proficiency and reward good performance
Test of reasonableness

- Allows adjustments for:
  - Economic conditions

- Review Historical data
  - Compares Compensation Plan to MSEC survey results

Be consistent throughout the process
Retrospective Comparison of Comp Plan Calculation with Denver Metro

Comparison of Cumulative Increases

Be consistent throughout the process
## Survey Results

### CHANGE IN BENCHMARKS

<table>
<thead>
<tr>
<th></th>
<th>CWSD</th>
<th>HRMD</th>
<th>Support</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2+ upward moves in one year (5%)</td>
<td>0</td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Upward move 2 consecutive years (5%)</td>
<td>1</td>
<td>1</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Second year due to inflation adjustment</td>
<td>7</td>
<td>2</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>Upward move one year</td>
<td>7</td>
<td>2</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>New or changed comparison</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>No change</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>On-watch (listed at prior range)</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Downward move</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9</td>
<td>4</td>
<td>6</td>
<td>19</td>
</tr>
</tbody>
</table>

### NUMBER OF EMPLOYEES RECEIVING 5%

<table>
<thead>
<tr>
<th></th>
<th>CWSD</th>
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<th>Support</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2+ upward moves in one year (5%)</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Upward move 2 consecutive years (5%)</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Second year due to inflation adjustment</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>New or changed comparison increases 2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>4</td>
</tr>
</tbody>
</table>
Next Steps

- Adoption of Compensation Plan at November meeting
- Setting average wage increase for final budget