

# **GOVERNANCE COMMITTEE**

## **(Zoom) Meeting**

**THURSDAY, FEBRUARY 25, 2021**

**9:30am**

The Governance Committee will not be held at the Governmental Center.

The Governance Committee Meeting will be conducted remotely via Zoom webinar

Quick Highlights for Viewing and Participating  
(Finer Details Below)

Anyone wishing to give public comment will need to call in and wait in a "virtual waiting room" where their microphones will be muted until they are called upon:

**Dial: 301 715 8592**

**Meeting ID: 853 1345 4700**

**Participant ID: # (yes just #)**

Posted and Published: Monday, February 22, 2021

The DDA recognizes the importance of not bringing people together unnecessarily in an effort to stop the spread of COVID-19. The Governmental Center has been closed to walk-in traffic and will be closed for the Governance Committee meetings for the foreseeable future. Members of the Committee will not be present in the Governmental Center for official Committee meetings.

The DDA has determined that all Committee meetings may be conducted remotely to assist in stopping the spread of COVID-19. Individuals with disabilities may participate in the meeting by calling-in to the number as though they were going to be giving public comments as outlined below or by calling the TDD#. Individual members of the Committee may be contacted via email through presiding CEO Jean Derenzy, [jean@downtowntc.com](mailto:jean@downtowntc.com).

DDA meetings will continue to be broadcast live on Cable Channel 191 and will be streamed live at: <https://www.tacm.tv/govtvnow.asp>.

For members of the committee and key staff, their name will appear on screen when they are speaking. For individuals who may wish to give public comment, the method for providing public comment during these remote-participation meetings is to call: 312-626-6799 and enter the Meeting and Participant ID.

Callers wishing to give public comment may call in before the meeting starts and wait in a "virtual waiting room." Going forward, these instructions will be included in every published agenda of the Governance Committee. Those

calling in will be able to hear the audio of the Governance Committee meeting, yet their microphone will be muted.

When the Committee accepts public comment, in the order calls were received, the meeting facilitator will identify the caller by the last four digits of their telephone number and ask them if they would like to make a comment.

The DDA CEO has been designated to coordinate compliance with the non-discrimination requirements contained in Section 35.107 of the Department of Justice regulations. Information concerning the provisions of the Americans with Disabilities Act, and the rights provided thereunder, are available from the DDA Office.

The City of Traverse City and Downtown Development Authority are committed to a dialog that is constructive, respectful and civil. We ask that all individuals interacting verbally or in writing with board members honor these values.

Downtown Development Authority:  
Jean Derenzy, CEO  
(231) 922-2050  
Web: [www.dda.downtowntc.com](http://www.dda.downtowntc.com)  
303 East State Street  
Traverse City, MI 49684

## **Agenda**

1. Roll Call
2. Approval of Minutes from February 8, 2021
3. Public Comment
4. Discussion regarding development of policy for Executive Compensation
5. Discussion regarding annual evaluation of DDA Chief Executive Officer
6. Government for Tomorrow—Student Involvement
7. Diversity Statement
8. Public Comment
9. Other Business
10. Adjournment

The Traverse City Downtown Development Authority does not discriminate on the basis of disability in the admission or access to, or treatment or employment in, its programs or activities. The DDA CEO has been designated to coordinate compliance with the non-discrimination requirements contained in Section 35.107 of the Department of Justice regulations. Information concerning the provisions of the Americans with Disabilities Act, and the rights provided thereunder, are available from the DDA office.

**Minutes**  
**Traverse City Downtown Development Authority**  
**Governance Committee**

1:00pm

February 8, 2021

Virtual Zoom Meeting

Present: T. Michael Jackson, Richard Lewis, Steve Constantin

Absent: None

Attendees: Jean Derenzy, Kate Greene, Dave Smith

Chair Lewis called meeting to order at 1:00pm

**Approval of December 3, 2020 Minutes:** **MOVED** by Jackson seconded by Constantin to approve minutes as presented. **APPROVED** unanimously.

**Public Comment:** No public comment.

**Review Report for Compensation Report Completed by HSP:** Kate Greene, owner of Human Resource Partners, and Dave Smith, Vice-President of Compensation Services, provided outline of report. Report provided outline of salaries for direct reports to Derenzy. Greene and Smith indicated that salaries of direct reports are in line and commends Derenzy for her approach of salaries for her direct reports.

Derenzy excused herself from meeting at 1:20pm for Greene, Smith and Committee members to review CEO compensation findings within the report.

Discussion of report on the findings of the CEO compensation. Committee members recommend that Derenzy be put at policy level. Further, that CEO annual review process start in March. Discussion relating to annual review tied to salary. Lewis indicated that review is separate and apart from salary. Constantin and Jackson agreed.

Committee will present overview of the report in a memorandum to the full DDA Board, as well as the request to start the process for the annual review.

Members requested that consideration that the Chair sit on the Governance Committee and that five members also be on the Governance Committee. This request will be presented and asked to the full DDA Board at their February meeting.

Public Comment: None

Meeting adjourned at 2:20pm

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Richard Lewis, Chair



Downtown Development Authority  
303 E. State Street  
Traverse City, MI 49684  
jean@downtowntc.com  
231-922-2050

## Memorandum

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To: Governance Committee  
From: Jean Derenzy, DDA CEO  
Date: February 22, 2021  
SUBJECT: Overview of February 28 Agenda

**Discussion regarding development of Policy for Executive Compensation:**

Attached is the report completed by Kate Greene, HRP, that was reviewed on February 8. The next step is to develop policy for the discussion with the CEO on compensation within her contract.

**Discussion regarding annual evaluation of DDA CEO:** As stated at the February DDA meeting (as well as the Governance meeting), the annual evaluation should begin in March. As the Governance committee is responsible for coordinating the annual performance evaluation, having the evaluation during the 4<sup>th</sup> quarter seems reasonable and timely prior to a new fiscal year starting.

**Government for Tomorrow – Student Involvement:** Liam Dreye is a freshman at Charlevoix High School. Liam is the founder of Government for Tomorrow. Liam emailed me about the possibility of having a student from our local high school having a voice on the DDA Board, without a vote on the Board. I have attached an article about Government for Tomorrow, and a link here for an interview with IPR <https://www.interlochenpublicradio.org/post/students-round-out-city-boards-east-jordan-and-boyne-city>.

I also talked to Liam about this possibility and talked through the process of selecting the student, to the length of time, to the involvement of the student. This provides an opportunity that the DDA has been struggling with to get younger viewpoints into visioning projects, placemaking projects etc. I have asked Liam to participate in our meeting to go over the program with the board members as well as how it has worked in other communities.

I have reached out to Scott Howard, legal counsel, to ensure the possibility of this and the steps the Board would need to take to allow this to occur.

**Inclusivity Statement:** Within the DDA's strategic plan we have a Mission, Vision and Value statements that are:

## **Mission**

To create, support and promote critical infrastructure and other improvements that enhance the downtown experience, promote business growth, serve as a catalyst for private investment and contribute to the year-round vitality and unique sense-of-place of downtown Traverse City.

## **Vision**

Serve as the regional hub for commerce, culture, arts and entrepreneurship. By 2030, downtown Traverse City will make needed infrastructure and institutional investments that provide for added business, residential, and retail capacity in the downtown. These investments will attract new private investment and create jobs.

## **Values**

The **Values** of TCDDA Board guide Board decisions, processes and operations. The Values, along with the Mission and Vision serve as “filters” for decision making. The Board Values are:

- Long-term **Sustainability** of the TCDDA and the Downtown District.
- **Inclusivity** and **collaboration** in developing and implementing this Strategic Plan.
- An **economically healthy** and vital TCDDA and Downtown District.
- **Transparency** in the TCDDA’s strategies, priorities and plans for Downtown

When talking with staff as well as the community at large, having a statement of what inclusivity means is important to define. The attached Inclusivity statement is the start of our discussion. This also could be part of our strategic planning discussion.

February 5, 2021

# Executive Compensation Report

Traverse City Downtown Development Authority

Prepared by Kate Greene, SHRM-SCP, GPHR, SPHR and  
Dave Smith, Vice President of Compensation Services



## **Executive Compensation Study Traverse City Downtown Development Authority (DDA)**

### **Background**

In late 2020, the Governance Committee of the Traverse City DDA hired HR Partners to collect and analyze data to provide market compensation ranges for the Chief Executive Officer position. Positions were analyzed and grouped based on their impact to the successful operation of the organization and relevant compensation data was collected for all positions that directly report to the CEO (to help establish internal equity). This detail will be included in a separate report to the CEO to assist with internal organizational administration.

### **Methodology**

DDA staff each completed Job Questionnaires detailing the job duties and requirements of their positions. After review with the CEO for accuracy, this information and the job descriptions were ranked using a 20- point-factor analysis to establish internal relative worth which determined "levels" or grades which could then be linked to market compensation. (See Appendix A).

Compensation ranges were developed by comparing the skills needed to successfully accomplish the duties required by each position to market pay data. HRP uses survey information from The Employers Association (TEA) database, which includes organizations from West Michigan, from Northwest Michigan and National data (depending on the position). Base compensation information from the following similar organizations (DDAs) were also included in the analysis.

- Boulder, CO
- Grand Rapids, MI
- Holland, MI
- Marquette, MI
- Birmingham, MI
- Grand Haven, MI
- Ann Arbor, MI
- Kalamazoo, MI
- Mt. Clemens, MI
- Ferndale, MI

Market pay ranges are based on skills needed to perform the duties. Comparable job pay rates (in industry) are an important data point, but are not more heavily weighted than any other data points. Market ranges illustrate what the market is paying for the skills and responsibility of the position. Geographic adjustments are also included in the market ranges, but differ depending on the location of the labor pool for the position. For example, an entry level position will be compared to wages within Grand Traverse County, where executive positions will include regional/state information. There are also adjustments for regional trends in pay.

## Results

The results for the CEO position are presented in the attached chart. The annual pay rates indicate base cash compensation amounts.

The current base pay for the CEO is within the market range for the position, though it is below the POLICY (market-based rate of pay for an individual fully proficient within the job). The compa-ratio for this position is 0.87.

Position	Range Spread	Low	Policy	High	Current	Compa-ratio
CEO	50 %	\$ 78,000	\$ 104,000	\$ 130,000	\$ 90,1000	0.87

**Low** – this represents the average lowest wage for the position and/or the typical “spread” for ranges at this level within an organization (+/- 25% from Policy).

**Policy** – this is the average rate of pay that an individual “proficient” within the job would be paid to perform the job. This is also the number used to establish the Compa-ratio or how far below or above a pay rate is from market.

**High** – this is the average of the highest paid similar positions in the market and/or the typical “spread” for ranges at this level within an organization (+/- 25%).

**Compa-ratio** – this number represents how close the current wage being paid is to the Market Policy. For example, 1.0 means the current pay is equal to the market; 0.75 means it is paying about 25% below the policy or average/median; 1.30 would indicate pay is 30% higher than policy.

**<1.0 Compa-ratio** – this is appropriate rates for staff who are less experienced or are not fully proficient in skills needed to successfully perform the job.

**1.0 Compa-ratio**- this is midpoint for the market, often the target for organizations who want to be competitive in the market.

**> 1.0 Compa-ratios**- appropriate rates for staff who demonstrate high proficiency of skill in their position, who routinely exceed expectations and/or who have longer tenure in the position.

## Benefits

Per its charter the DDA offers a similar package of benefits that City of Traverse City provides to its non-contracted (ACT) group of employees. Thus, the DDA’s benefit plan is very comparable to other municipality levels in Michigan and were not significantly different. Compared to the private sector, these plans combined offer slightly better-than-average insurance coverage (health, life, long and short term disability), paid time off programs (holiday, vacation, sick, personal), and retirement savings contributions, than the private sector.



## Variable Pay

Variable pay information was also considered in this evaluation. The compensation for the CEO of the Traverse City DDA does not currently include any variable pay, incentive or “bonus” options. This is a very common practice in the private sector and it is most often tied to measurable outcomes such as profitability, meeting or exceeding revenue targets, or creating cost reductions. CEO bonus ranges vary widely (from 5 -50%). Variable pay is less common in public sectors, though quasi-government employers are beginning to adopt this strategy with ranges that are typically 3-25%.

Using variable pay is most often used to:

- incentivize business results (and staff behaviors), and/or
- as a tool to offer higher compensation opportunities without the raising the base cash compensation rate.

Note: Grand Rapids and Boulder DDAs do have bonus plans in place for their CEO (though specific numbers were not given). Further, about 60% of non-profits within the West Michigan region are moving towards some kind of a “pay at risk” program.

## Recommendations

Our recommendations to the DDA Board are as follows:

1. **Create a compensation philosophy to guide decision making.** Determine what the strategic goals are for compensation – where the organization aims to pay when compared to market – then adjust the recommended “Policy” to that point in the range and compensate the CEO based on that position.
2. **Determine and communicate how future raises will be determined for the CEO.** Considering this now will make subsequent discussions easier and could increase retention.
3. **Update wage ranges annually using market data.** We recommend updating these annually so that employees can progress in the range relative to the market, which avoids large/costly adjustments in a single year and can improve employee retention.

Linking to market data recognizes difference in skill value and position requirements, vs using a broad one-size-fits all increases (like CPI or COLA). Making the same percentage adjustment for all positions each year can lead to over compensating average performers or under compensation for high-performers with in demand skills.

Thank you for allowing us to provide this information to you as you seek to support the efforts of the DDA’s staff who are working to make Traverse City a better place to live, work and visit.

Traverse City DDA- Analysis of Positions by Grade

POSITION TITLE	GRADE LEVEL
SUPPORT STAFF GRADE LEVEL	10
SUPPORT STAFF GRADE LEVEL	11
SUPPORT STAFF GRADE LEVEL	12
SUPPORT STAFF GRADE LEVEL	13
DOWNTOWN EXPERIENCE COORDINATOR	14
FACILITIES SUPERVISOR (similar to Coordinator roles)	15
DIRECTOR OF COMMUNITY DEVELOPMENT	16
TRANSPORTATION MOBILITY DIRECTOR	17
CHIEF OPERATIONS OFFICER	18
OPEN GRADE LEVEL	19
CHIEF EXECUTIVE OFFICER	20





[https://www.petoskeynews.com/featured-pnr/boyne-city-to-add-student-representatives-to-three-city-boards/article\\_3ee16be3-9324-547d-8408-30a8ceb7adf6.html](https://www.petoskeynews.com/featured-pnr/boyne-city-to-add-student-representatives-to-three-city-boards/article_3ee16be3-9324-547d-8408-30a8ceb7adf6.html)

## BOYNE CITY

# Boyne City to add student representatives to three city boards

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Nov 12, 2020



**BOYNE CITY** — Boyne City students have a new avenue to have a voice in their community and dip their toes in the local government following action taken by the Boyne City City Commission on Tuesday.

At its regular semi-monthly meeting, the commission voted unanimously to add one non-voting student seat each to the city's planning commission, parks and recreation commission and the Boyne City Main Street program's board.

Although at least one of those boards had already been discussing the possibility, the move comes at the suggestion of Charlevoix Middle/High School freshman Liam Dreyer, who approached the Boyne City Main Street board in the spring on the topic. Liam is the student representative to Charlevoix Main Street, and is working to bring local students to more boards throughout the area, Boyne City Main Street Executive Director King-Duff said.

Both the East Jordan Downtown Development Authority and the Boyne District Library boards have recently added student positions thanks to Liam's advocacy.

King noted that Liam and library director Monica Peck have already been in contact with Boyne City High School, and have started recruiting students for the library board.

Prior to Tuesday's meeting all three of the city boards passed motions recommending approval of the student positions to the city commission.

City public works and parks director Tim Faas said youth engagement is particularly important for the parks and recreation board because they make up a high percentage of park users. King-Duff said youth engagement is important for the Main Street board as well because recruiting more volunteers for programming is a top priority.

During public comment, Liam explained his motivation for championing the cause saying, "I realized that none of my peers in other cities have the same opportunity I have, which is serving on a local government board. So, I started talking to a bunch of people from all across Northern Michigan to see if it was even possible and if there were even student interest. It started out as a small project and now I think cities are really liking this idea and I'm really excited to see student members in Boyne City."

Liam said the process for recruiting students for the positions typically involves working with teachers at the local high school for recommendations.

At one point, the board briefly discussed whether the positions should be open to only students who live within the city limits, and the consensus among the board was that a student's residency should not necessarily be a limiting factor.

Commissioner Hugh Conklin offered Liam praise for his efforts, "Well, Liam, you are an impressive young man. You must feel pretty good that you've started with one thing and now you've planted a seed and its growing all over."

Longtime commissioner Ron Grunch traced his first interest in serving in local government back to a similar program that he participated in when he was a Charlevoix High School student many years ago.

"It was a great experience. It got me started, unknowingly, where I wound up today. It's been a great ride," Grunch said.

Grunch has served on the city commission for 21 years, some of that time as mayor.

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BY WOAHWORLD

# **Inclusivity Statement**

## **Traverse City DDA**

The Traverse City DDA is committed to inclusivity. To that end, the DDA aims to remove barriers and eliminate social and economic disparities by including those who have been excluded from our decision-making process. We recognize that inclusivity is the pursuit of equitable outcomes. We also acknowledge that inclusivity, particularly racial inclusivity, is essential to providing exceptional public services and to creating an inclusive and safe environment for everyone.

The DDA recognizes that people of color and other communities continue to be marginalized and excluded—both intentionally and unintentionally—from constructing the rules and principles that govern our lives and the services we depend on to protect our health, safety, and well-being. We further acknowledge that structural and cultural barriers impact access to, and representation in, city government.

The Traverse City DDA has a pivotal role in creating a sense of belonging for all people. We must be inclusive in developing and implementing policies to ensure that our Downtown services are responsive to race, ethnicity, gender identity, sexual orientation, ability, religion, and other individual identities.

The DDA recognizes those whose traditional land we are gathered upon as the land on which the Anishinaabe People have resided for thousands of years. The Grand Traverse Band of Ottawa and Chippewa Indians is the name of the Tribe that resides here now. It is important to understand the long-standing history that has brought us to reside on the land, and to seek to understand our place within that history.

We acknowledge that without an intentional focus on inclusivity, we will continue to perpetuate and deepen inequities.

To realize our mission and core values, the Traverse City DD A commits to integrating inclusivity into the fabric of our organization and the delivery of public services in pursuit of equitable, fair, and just outcomes for all.