

GOVERNANCE COMMITTEE

(Zoom) Meeting

February 8, 2021

1:00pm

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: 880 7004 4932

Participant ID: # (yes just #)

Posted and Published: Friday, February 5, 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.

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
303 East State Street
Traverse City, MI 49684

Agenda

1. Roll Call
2. Approval of Minutes from December 3, 2020
3. Public Comment
4. Overview of Compensation Study (Kate Greene to present)
5. Public Comment
6. Other Business
7. 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

9:00am

December 3, 2020

Virtual Zoom Meeting

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

Absent: None

Attendees: Jean Derenzy, Kate Green

Chair Lewis called meeting to order at 9:10am

Approval of October 9, 2020 Minutes: **MOVED** by Jackson seconded by Hershey to approve minutes as presented. **APPROVED** unanimously.

Public Comment: No public comment.

Review of Proposal for CEO Compensation Salary Survey: Kate Green, owner of Human Resource Partners, outlined proposal presented and stated that the survey will also include direct reports of CEO, meaning COO, Transportation & Mobility Director, Downtown Experience Coordinator and Community Development Director. Cost of survey is \$2,250.00.

Discussion. Committee members agreed to move forward with proposal as outlined with full report to be brought back to Governance in January or February. Timing of the report will allow for budget building for 2021/2022.

Consideration for Board membership Orientation Approach: Governance Committee recommended is that new board members meet with CEO and key staff as well as the Chair or Vice-Chair if available to go over budget, policies, procedures.

DDA Strategic Planning: Chair Lewis identified that a strategic planning session is needed with the goal of such a session to occur when in-person meetings can occur. Based on the projects that are before the DDA and the need to begin formulating a long-term vision for the District, it will take time and significant outreach. Item will be brought back to Committee in January to begin discussion.

Public Comment: None

Meeting adjourned at 10:10am

Richard Lewis, Chair

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

