

Local Government

# REIMAGINED CONFERENCE

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## **Strategic Synergy – Empowering City Managers and HR Directors to master the art of collaborative contract negotiations**

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# Introductions

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**CITY & COUNTY MANAGER**



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**HR DIRECTOR**



# Training Overview

This course will share the City & County of Broomfield's journey in collaborative contract negotiations while providing key concepts, strategies & best practices to enhance the negotiation skills of city managers & human resources directors.



## How our journey began...

- 2019 – The City & County of Broomfield appoints the first female City & County Manager
  - Contract “Negotiations”
  - No advocate or advisor
  - No guiding principles or compensation philosophy in place to inform compensation decisions
  - Offered less than the male City Manager she replaced

# Broomfield Journey – Enough is Enough!

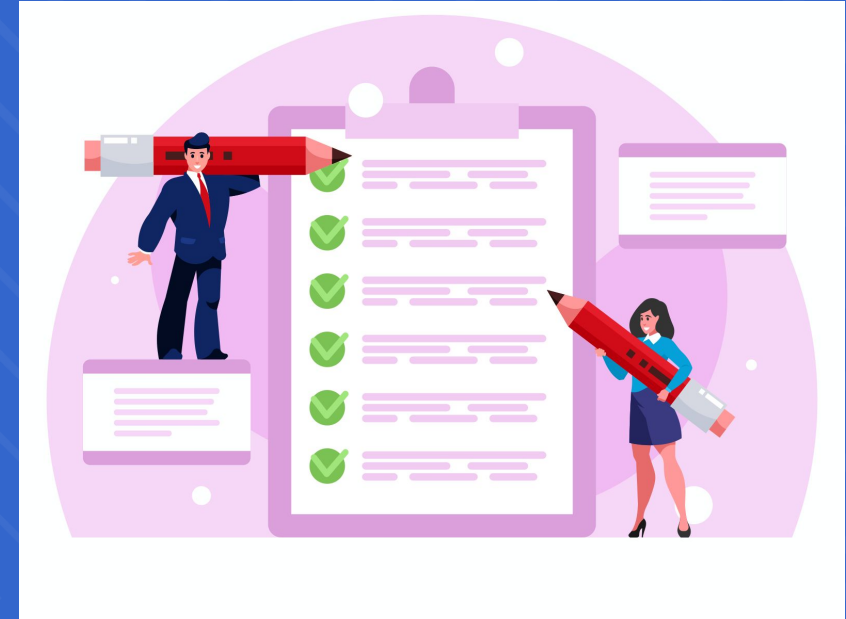
- 2021 - Broomfield City & County Manager had not received a pay increase for 2 years since she was promoted in 2019.
  - Her compensation fell far behind the average of the other city managers for comparable cities & counties in the Denver/Boulder market.
  - She never spoke up and no one ever noticed nor advocated for her to be compensated fairly during that 2 year period.
  - Time to right the ship!

# Developing a Compensation Philosophy

- A compensation philosophy is a set of guidelines that an organization follows to make decisions about how it pays its employees.
- Includes factors such as market competitiveness, internal equity, performance & employee contributions.
- Helps to ensure consistency & fairness in compensation practices & aligns compensation strategies with the organization's overall goals & values.
- Key to retaining & attracting skilled talent.

# Compensation Philosophy Design

- Defining the role
- Identifying the market comparisons
- Determining the organization's position within the market
- Range vs. actuals



# Defining the Role

- How is your city manager's role & responsibilities similar or different than that of other city, county or town administrators?
- What knowledge, skills & abilities are required to serve as the city manager of your organization versus other cities, counties or towns?





# Defining the Market

- Budget (Operating, CIP, Fiduciary)
- Services Provided
- Location/Proximity
- Organization Size/FTEs
- Population Served
- Public/Private Sector
- City, County, Town
- Complexity



# Market Position

- Where does your organization want to position itself within the market to determine compensation?
- Do you want to lead, lag or match?
  - Leading the market pays above the 50th percentile
  - Lagging the market pays below the 50th percentile
  - Matching the market pays the average of the surveyed departments

# Market Position Considerations

- Do you want to be an “Employer of Choice” when it comes to pay, benefits, culture, etc.?
- How do you attract & retain high caliber talent?
- Cost to replace the current incumbent?
- Cost to implement & maintain compensation philosophy?
- Do you want to implement the same compensation philosophy across the organization?

# Range vs. Actuals Considerations

- Ranges

- Minimum & max range of comparison market
- Artificially created based on desired spread above & below actual incumbent pay for market comparisons
- Traditional salary range is ~30% for executive level positions

- Actuals

- Utilizing actual salary data for incumbents in equivalent roles
- Competitive compensation model that is often seen by incumbents as paying fair market value for the job at hand

# Written Comp Philosophy

- Develop a written compensation philosophy adopted by council that contains the following elements:
  - Lead/Lag/Match Market
  - Market – Comparison agencies & criteria for determining
  - Ranges – how are they set (range minimum/maximum vs. incumbent pay)
  - Range Spread (30% average)
  - How frequent are ranges revisited (annually)
  - Who does research & sets ranges (HR)
  - When is incumbent eligible for increase & what type (annually, merit, market, COLA, etc.)
  - Effective date for salary increase

# Broomfield Journey – Let the Negotiations Begin!

- After leading council through developing & implementing a compensation philosophy to determine the City & County Manager's wage, it was time for the negotiation process to begin.



# Building Trust & Rapport

- Trust & building rapport are crucial before contract negotiations between a city council & a city manager.



# Identify Negotiable Factors

- Researching compensation practices and trends helps you identify which components of compensation are negotiable, such as base salary, bonuses, benefits, or equity.
- Understanding what can be negotiated allows you to tailor your negotiation strategy to focus on the most relevant areas.
- If they can't meet your expectations for base wages, negotiate elsewhere.



# Support Your Arguments

- Research provides data & evidence to support your negotiation arguments.
- Whether citing industry benchmarks, comparable salaries, or market trends, having facts & figures strengthens your position & increases your credibility during negotiations.



# Anticipate Counterarguments

- Understanding the organization's financial situation, politics, industry trends & organizational priorities helps you anticipate potential counterarguments or objections from the employer during negotiations.
- Being prepared to address these concerns strengthens your negotiation position.



# Maximize Value

- Researching compensation options beyond just salary, such as benefits, perks, or professional development opportunities, helps you identify opportunities to maximize the overall value of your compensation package.
- It allows you to negotiate for a comprehensive package that meets your individual financial and professional needs.
- One size does not fit all!

# Encourage Objective Compensation Decisions

- Create a process by which council can make an informed salary recommendation based on objective criteria to help mitigate the influence of subjective biases or preferences that may arise when considering specific dollar amounts.
  - Position within the market (average of comparison agencies)
  - Position within the established salary range (70<sup>th</sup> percentile )
  - Percent over current salary increase based on performance (5% increase over current)

# Broomfield Journey – The Results



- Following the development of the compensation philosophy & successful negotiations, the Broomfield City & County Manager was provided a much deserved salary increase to bring her compensation in alignment with the new compensation philosophy.
  - Council placed her at the 65<sup>th</sup> percentile in the new salary range resulting in a 27.5% salary increase.

# Considerations for Contract Negotiations

- Base Pay
- Insurance Premiums
- Deferred Compensation
- Car Allowance
- Leave Accruals
- Training/Education
- Professional Dues/Subscriptions
- Executive Coaching Services
- Severance Pay
- Relocation Assistance
- COBRA Subsidy or Insurance Coverage
- Letter of Recommendation Upon Separation

# What's Good for the Goose is Good for the Gander

- With the establishment of the compensation philosophy for the City & County Manager, the same philosophy was later applied to the other council appointees (Judge & Attorney) as well as the general employee population.



