



Human Resources Services

## CITY OF ANN ARBOR, MICHIGAN

301 E. Huron, 6<sup>th</sup> floor, P.O. Box 8647 Ann Arbor, MI 48107

Phone: (734) 794-6120 Fax: (734) 994-5961

<http://www.a2gov.org>

### MEMORANDUM

TO: Downtown Development Authority Board of Directors

FROM: Monica L. Boote, Human Resources and Labor Relations Director *MLB*

DATE: July 28, 2025

SUBJECT: Compensation Study Recommendations for Downtown Development Authority Executive Director Classification

### Overview

As part of a citywide initiative to improve transparency, market competitiveness, and structural integrity within the City of Ann Arbor's compensation program for non-union employees, the City partnered with Gallagher Benefit Services, Inc. to conduct a comprehensive Classification and Compensation Study. This memo outlines the study's key outcomes as they pertain specifically to the Downtown Development Authority Executive Director role, for which compensation decisions rest with the Downtown Development Authority Board of Directors rather than City Administration.

### Study Goals & Process

The study aimed to:

- Align pay with comparable public sector employers
- Improve internal consistency and transparency
- Build a compensation structure that is scalable and sustainable

The study was conducted in two phases:

- Classification Review – including employee questionnaires, title reviews, and FLSA assessments
- Compensation Analysis – benchmarking 128 job titles (representing 76% of non-union staff) against regional and national data sources, adjusted to reflect the June 2025 cost of labor in Ann Arbor

### City's Implementation Model

To provide broader context for the DDA, the City's implementation of the Compensation Study is proceeding in a phased and financially responsible manner. While the study identified several areas for structural and market alignment improvements, full implementation for all employees is not

immediately feasible due to fiscal constraints. The City has adopted the following approach for this first phase of implementation:

- **Structural Realignment:** Some positions have been reclassified based on job responsibilities and external market comparisons, leading to updates in grade levels and pay ranges.
- **1% Across-the-Board Increase:** All eligible non-union employees will receive a 1.0% salary increase, effective July 13, 2025. This is separate and distinct from the recent 3.0% COLA effective July 1, 2025.
- **Targeted Adjustments for Market and Equity:** Employees who are significantly below proposed salary ranges, or whose tenure and classification warrant additional consideration, may receive further salary adjustments.
- **No Automatic Full-Scale Adjustments:** The City is not implementing full corrections to midpoints or individual across-the-board adjustments to the proposed ranges at this time. Instead, it is prioritizing the most pressing equity and market misalignments while maintaining budgetary sustainability.

These implementation choices reflect the City's commitment to equity, competitiveness, and fiscal stewardship. Staff reporting to the Executive Director may be impacted by reclassifications or range adjustments based on their roles and positions within the new structure. Further communication and adjustments will occur over time as the next phases of the compensation strategy are developed and funded.

### **Findings Relevant to Executive Director Role**

Should the DDA wish to consider compensation adjustments for the Executive Director in alignment with the City's broader Compensation Study implementation strategy, it would be reasonable to begin with the following structural recommendations:

Reclassification Recommendation: The Executive Director position has been reviewed and is recommended to remain in Grade 14, reflecting current scope of responsibilities, level of organizational impact, and alignment with external market benchmarks.

Compensation Range Updates: As part of the City's adopted compensation structure, the pay range for Grade 14 has been updated as shown below. These changes establish the revised framework for the classification but do not determine individual salary decisions, which the DDA may explore independently.

| Grade | Current Min | Current Mid | Current Max | Proposed Min | Proposed Mid | Proposed Max |
|-------|-------------|-------------|-------------|--------------|--------------|--------------|
| 14    | \$121,024   | \$139,177   | \$157,330   | \$132,538    | \$158,725    | \$184,912    |

Employees in similar situations that fall under the City's authority would receive the following adjustments in Phase I:

1. 1.0% general across the board increase, effective July 13, 2025, and reflected in the August 1, 2025, paycheck. Please note, this increase is separate and distinct from the recent 3.0% July 1, 2025, cost of living adjustment received by City employees and DDA staff, not applied to the Executive Director's compensation.
2. An "Adjustment to Minimum" for those not meeting the minimum salary of the grade assigned. In Ms. Thomson's situation, her current salary is already above the proposed minimum for Grade 14; therefore, no adjustment to the minimum would be applicable for her role.
3. A "Time in Classification Adjustment" recognizing experience and internal equity within the new structure. No recommendation for structural movement for internal equity or external market conditions based on Ms. Thomson's tenure in this role are recommended at this time.

Based on adjustments received by employees reporting to the Executive Director, the Board when determining any compensation adjustment for Ms. Thomson, may wish to consider avoiding compensation compression between roles in the amended Grade 12 salary range (\$109,533 to \$152,797). It is important to maintain a salary differential that reflects the Executive Director's broader scope of responsibility, accountability to the Board, and public-facing leadership. Public sector standards typically support a differential of 15-25%, considering internal alignment, market benchmarks, and the classification structure. A differential below 10% may create equity concerns, particularly if the Deputy Director or other roles approach the top of their range.

Please note the 3% COLA, and any adjustment recommended from the study are not related to an employee's performance, rather are structural adjustments to the classification and compensation program utilized by the City, in combination with market and labor data regarding similar roles from comparable organizations. The City will continue to explore in following phases potential structures and methodologies that address the potential for compensation increases tied to performance outcomes and other equity parameters.

### **Board Consideration**

While the City of Ann Arbor has adopted the recommendations for the maintenance of the position (Grade 14) and targeted pay range for similar roles within the City's classification and compensation structure, the DDA retains the authority to determine the compensation for the Executive Director role.

Should the Commission desire to amend Ms. Thompson's compensation, we respectfully request written directions be provided to the Human Resources and Labor Relations Director.

## **Next Steps**

If directed, changes will be incorporated into the City's payroll processing as soon as administratively feasible. Should additional documentation or support be needed to facilitate the DDA's review, please do not hesitate to reach out.

Respectfully,

Monica L. Boote  
Human Resources and Labor Relations Director  
City of Ann Arbor  
mboote@a2gov.org | (734) 794-6121