



Finance and Administration Committee of the Whole

Record of Proceeding

October 9, 2017

The Finance and Administration Committee of the Whole met on October 9, 2017. Those in attendance included: Chairperson Tom DeCampi, Ward IV; Council Committee Member Barbara McGuinness, Ward I; Council Committee Member Ben Keathley, Ward II; Council Committee Member Randy Logan, Ward III; and City Administrator Mike Geisel. Those also in attendance included: Mayor Bob Nation; Councilmember Barry Flachsbar, Ward I; Councilmember Dan Hurt, Ward III; Councilmember Michelle Ohley, Ward IV; Parks, Recreation and Arts Director Tom McCarthy; Information Technology Director Matt Haug; Planning and Development Services Director Justin Wyse; and City Clerk Vickie Hass. Councilmember Guy Tilman, Ward II, participated via conference call. One member of the Police Department was also in attendance.

Chairperson Tom DeCampi called the meeting to order at 5:32 p.m.

Approval of Minutes

Chairperson DeCampi asked if there were any comments or changes to the September 25, 2017 Finance & Administration Committee of the Whole minutes. Hearing none, Councilmember McGuinness made a motion, seconded by Councilmember Logan, to approve the minutes. A voice vote was taken with a unanimous affirmative result and the motion was declared passed.

Budget Workshop - Compensation Plan Recommendations

City Administrator Mike Geisel gave a brief summary of the proposed compensation plan recommendations. The original intent and primary purpose of the CBIZ report was to provide data that would substantiate the City's position in the market. City Council directed the CBIZ proposal back to the Finance & Administration Committee of the Whole and asked for staff's input and recommendations. While the data provided by CBIZ is valuable and has confirmed our market competitiveness, it has also confirmed concerns with a specific number of positions. Staff's first recommendation is to consolidate some of the City's existing pay classifications. The existing compensation structure consists of 83 pay grades, all uniformly spaced at 2% increments, providing a spread of 40% between the top and bottom of the compensation ranges. The proposed

pay grades would be uniformly spaced at 4% increments; thereby eliminating about half of the existing pay categories. The starting salary would remain the same in most cases, but the salary range would be reduced from 40% wide to 30% wide and continue to be adjusted by the Consumer Price Index (CPI) each year. Currently, the CPI adjustment is made in January each year, but staff recommends changing the CPI adjustment to coincide with the July merit increases. Staff recommends compensation ranges be based on the starting compensation rather than a percentage below the 75th percentile. Establishing the percentile as a uniform place to start all pay ranges is problematic because it causes the starting salary to be at an undesirable level when hiring new employees. After careful consideration of each position, Staff has identified twenty positions that fall below the proposed minimum compensation for the job. The total annualized cost to bring these employees up to the recommended minimum is \$41,233. If the Committee of the Whole recommends approval, a Resolution will be prepared for approval at an upcoming Council meeting.

Discussion ensued. Regarding CPI, the salary administration manual states that Staff will provide information to the F&A Committee on the CPI, labor indexes and relevant revenue data. Council will use the provided information to determine what amount to put in the merit pool.

Councilmember Flachsbart made a motion, seconded by Councilmember Logan, to endorse the compensation plan as presented.

Councilmember Flachsbart made a motion, seconded by Councilmember Keathley, to amend the motion by eliminating the paragraph referencing that the merit raise appropriation was to be based on the midpoint, allowing City managers discretion and flexibility for distribution; and directing staff to provide a description of the basis of that information when staff annually provides data to the F&A Committee for the purpose of developing a recommendation for the value of the merit pool. Specifically, staff should advise the Committee whether a provided value was calculated based on actual compensation, midpoint compensation or other as appropriate. The Committee discussed that once City Council determined what value would be budgeted for merit increases, it would be the managers' responsibility to determine how raises would be distributed. City Council desired to provide more flexibility to managers for distribution of the merit pool. A voice vote was taken with a unanimous affirmative result and the motion was declared passed.

A voice vote was taken on the main motion, to endorse the compensation plan as amended, with a unanimous affirmative result and the motion was declared passed.

Budget Workshop – 2018 Merit Increases

Mr. Geisel asked Council for an amount to budget for merit increases. Discussion ensued.

Councilmember McGuinness made a motion, seconded by Councilmember Ohley, to base the merit pool increase on actual salary dollars rather than midpoint.

Councilmember Flachsbart made a motion, seconded by Councilmember Hurt, to amend the motion to include a 2.5% increase for non-FOP employees based on actual salaries for the 2018 budget headcount. A voice vote was taken with a unanimous affirmative result and the motion to amend was declared passed.

A voice vote was taken on the main motion, as amended, with a unanimous affirmative result and the motion to include a 2.5% increase for non-FOP employees based on actual salary dollars, was declared passed.

Budget Workshop – Budget Submission Details

Mr. Geisel gave a brief overview of the proposed 2018 budget. Total revenue for the Capital Improvement Sales Tax Fund is anticipated to be \$6,920,315 in 2018. The Capital Improvement Sales Tax Fund is projected to have positive net revenues of \$32,396 at the end of 2018. Parks Sales Tax Fund is expected to be \$8,895,492 and total revenue for Parks Sales Tax Fund is anticipated to be \$9,058,890 in 2018. The Parks Sales Tax Fund is projected to have positive net revenues of \$51,713 at the end of 2018. The Parks Department is working to increase revenues. Amphitheater rentals continue to expand, and Parks is working to maximize utilization of the athletic complex. The General Fund Fund Reserve is projected to have a balance of \$4.2 million over the 40% policy at the end of 2018. Included in that \$4.2 million is \$2.1 million in one-time reimbursements for Valley Wetland Mitigation, CNG Related Grant Revenue, and NID Deferred Revenue. Estimating approximately \$1.5 million to be used at a later date for various items including merit increases, funding for the Emerald Ash Borer (EAB) program, snow removal reimbursement, Comprehensive Plan, etc., nearly \$1 million cash would be available over the 40% policy. This amount could potentially be set aside for early debt retirement.

Mr. Geisel highlighted the debt service amounts in upcoming years for City Hall, General Fund and Parks Fund. Approximately \$930,000 over and above the 40% policy could potentially be used to mitigate the annual increases in Parks debt service. This amount would be enough to eliminate a full year and offset the debt service increases in Parks for at least two years. Discussion ensued.

Councilmember Logan made a motion, seconded by Councilmember Hurt, to add one speed trailer to the one already listed as a line item on page 8 of the proposed budget. This would provide a total of four speed trailers, one available for each ward at any given time. A voice vote was taken, resulting in a tie (Councilmembers Ohley, Keathley and McGuinness voted “No”). Subsequently, there is no recommendation from the Committee for this motion.

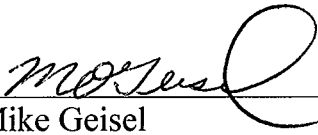
Councilmember Hurt made a motion to add two Elementary School Resource Officers (ESRO) to the budget. The motion failed due to lack of a second.

The Committee of the Whole agreed to discuss specific budget items further at the next Finance & Administration Committee of the Whole meeting scheduled for Monday, October 30.

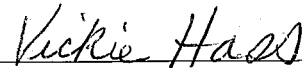
Adjournment

The meeting was adjourned at 8:04 p.m.

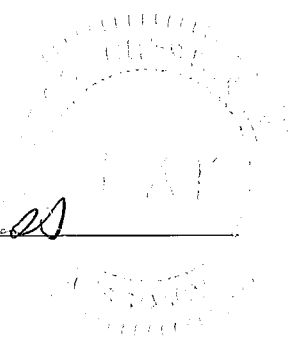
Respectfully submitted:



Mike Geisel
City Administrator



Vickie Hass
City Clerk



APPROVED: 10/30/2017