

Adopted Minutes
Spanish Fork City Council Work Session
October 26, 2006

Elected Officials Present: Mayor Joe L Thomas, Councilmember's G.Wayne Andersen, Chris C. Wadsworth, Mathew D. Barber, Seth V. Sorensen, Steven M. Leifson

Staff Present: Junior Baker, City Attorney; Dee Rosenbaum, Public Safety Director; Carl Johnston, Lieutenant; Richard Heap, Public Works Director; Richard Nielson, Assistant Public Works Director; Duane Brunson, Patrol Sergeant; Seth Perrins, Assistant City Manager; Dave Oyler, City Manager; Kent Clark, Finance Director; Chris Thompson, Design Engineer; Angie Jackson, Legal Secretary; Karen Bradford, Parks and Recreation Assistant Director; Dale Robinson, Parks and Recreation Director; John Bowcut, IS Director; Kimberly Robinson, Deputy Recorder

Citizens Present: Tara Flynn, Todd Hollingshead, Richard Evans, Doug Ford, Max Sabey, Don Baum, Lana Creer Harris, Richard Harris, Dave Jackson, Paul Christensen, Paul Jensen, Melody Barber

CALL TO ORDER

Mayor Thomas called the meeting to order at 2:35 p.m.

Ms. Shea thanked the Council for holding this meeting. She explained that the Hay Group is a human resources consulting firm, and is one of the oldest in the world. She has been with them since 1988.

Classification and Compensation Report:

Ms. Shea explained the compensation philosophy statement was created to involve all the information that the Council wanted. General industry was also considered.

Councilman Wadsworth asked if Spanish Fork was considered as being above average.

Ms. Shea said they consider the 75th percentile above average but yes the 60th and 65th percentile would be considered slightly above average. She said the flexibility commitment means they will change and continue to be competitive.

Councilman Wadsworth asked if the citizens were considered in this research.

Ms. Shea stated that citizens would be considered in the affordability.

Councilman Wadsworth asked how the personnel committee was used.

Ms. Shea stated they are and would be an advisory committee to management.

Mayor Thomas asked if the concern about the committee was that there were employees on it.

Ms. Shea said the committee was to be advisory only not to make decisions.

Paul Jensen

Mr. Jensen asked if this was based on supervisor criteria or based on a certain job classification.

Ms. Shea said they did not specifically look at the tools related to doing the performance review it would be combined with the job description.

Brad Creer

Mr. Creer expressed his concern that they had a committee of trained employees doing the job matching.

Ms. Shea explained she gave references to the committee.

Mr. Creer asked why the committee did it and not Ms. Shea.

Ms. Shea said that cost was an issue and she wants continuity in the project.

Councilman Wadsworth asked regarding the compensation with the benefits.

Ms. Shea said the benefits are often used to attract and to keep employees.

Internal Equity Analysis:

Job descriptions, job classifications or titles and job evaluations, and job grades.

Ms. Shea explained managers within the city updated the job positions so we had the most current ones. Where there were questions they spoke with the manager directly to clarify. It was a good process to update everything, and some of the descriptions were updated and titles changed. They pulled together a team of five (5) that were trained using a tool to measure each job against set criteria. The criteria were considered based upon know how, technical skill, managerial skills, and human relations. Problem solving, thinking challenge and thinking environment were also considered. Ms. Shea stated the city runs lean and the 2s and 1s were rolled up into the 3s because the staff performs more duties.

Ms. Shea explained what exempt and non-exempt employees are.

Mayor Thomas asked why the line was drawn where it is.

Ms. Shea said there were jobs that have been proven to be exempt.

Councilman Wadsworth asked if they can see the data.

Ms. Shea stated it would take some time but it can be made available.

External Market Analysis:

They compared the job descriptions to market, content to content what is the market paying. She reiterated that people have not been added to the equation it is based on the job. They wanted to have information from the private sector local sector and municipal sector. Bureau Of Labor Statistics (BLS) uses content matches and she has used them the whole time she was with the Hay Group. She has been working with municipal governments in this area since 1991 and she has always been comfortable with the Wasatch Compensation Group.

Councilman Wadsworth read a quote from the *Deseret Morning News*:

“Cities [are] reinforcing themselves in a vicious cycle where they survey each other.... The cities that are low will boost their salaries to match the average and next time around averages are higher. The cycle tends to escalate salaries faster than they need to.”

(Steven Kroes, Executive Director, Utah Foundation in Wage gap: Not all cities pay the same, *Deseret Morning News*, Sunday, March 13, 2005)

Ms. Shea responded she looked at the Wasatch data as well as the BLS data and she did not see the expansion or the difference in the jobs compared between the two cities.

Councilman Wadsworth stated his concern on using Wasatch in the past. If Mr. Kroe’s comment is correct he is worried about the burden to citizens caused by comparing Spanish Fork to cities that have a bigger tax base then we do.

Ms. Shea has not seen any evidence that the Wasatch data is inflated.

Councilman Wadsworth asked how American Fork and Lehi’s tax base compare to Spanish Fork.

Mr. Perrins said the question is best answered by the Council as a policy body. They are the ones that can say whether or not they can afford it.

Councilman Sorensen said they have the lowest certified tax rate and they consider that data when they set the budget.

Mr. Creer stated there is a long history with the Wasatch data and asked why they did not use the other surveys in the area.

Ms. Shea did not consider them because she does not have a level of comfort with them.

Councilman Wadsworth asked if instead of using the Wasatch Compensation Group, if we directly contacted the cities would the data show different.

Mr. Perrins replied that it would not.

Ms. Shea explained cities of different sizes are set differently, you have to look at some of the bigger ones and some of the smaller ones so you know what you are doing. They are not the sole basis for the theory though.

Brad Creer

Mr. Creer asked with only two private employers responding was that a sufficient number of data points.

Ms. Shea would like to have had more data but feels that having them would not change the outcome much. She said yes it would add credibility and substance but when they get them it would not change things.

Councilman Wadsworth asked for clarification on the market average.

Ms. Shea stated that Spanish Fork is at national average as they now stand.

Ms. Shea said don't think that if you are at 100% of your range then you are at the top, your not, you are at the midpoint. She stated that in interviews with the Council they agreed they wanted to be better than the 50th percentile but not as much as the 75th percentile because of affordability.

Councilman Barber asked what the current range reflects.

Mr. Perrins stated the current range reflects the middle or midpoint.

Ms. Shea explained that the market grade and the content grade are different and there were a few examples she gave regarding the differences in the market grade.

Guidelines for Use of Ranges:

Ms. Shea explained this is how they introduce people to the equation. She feels the performance management system will put pressure on job descriptions and managers to fine tune the process. She feels it is an excellent way to move people through the salary ranges. She feels that since we have people wearing more hats and they have a strong work ethic she feels they will flourish based on job performance.

Mayor Thomas asked what they can do better.

Ms. Shea recommended they work with the managers to help them coach and move forward.

Mayor Thomas said he is bias to performance based evaluation because he feels with the education they will perform better.

Ms. Shea explained that full competence, equals midpoint, equals market. If they are contributing above and beyond what is in their job description then it will be a higher pay opportunity.

Mr. Creer asked for clarification that the midpoint and market are not the same.

Ms. Shea stated they are the same.

Mr. Perrins explained the turnover this year so far has been a rate of 5%

Doug Ford

Mr. Ford said healthy turnover is defined as what.

Ms. Shea defined that some turnover in an organization is good it brings new ideas and new education. It could be considered healthy or not depending on why people are leaving the organization.

Mr. Ford asked if the City is losing good experienced employees in this turnover.

Ms. Shea stated that retention is a big tool to keep employees.

Rick Evans

Mr. Evans feels a critical point is with respect to a compensation study. He feels the goal is to make it that compensation is not the drive of why people work.

Mr. Jensen asked how many were let go because of poor performance.

Mr. Perrins said there have been a handful of employees with some corrective measures.

Mr. Jensen asked how many performance evaluations are given each year.

Mr. Perrins stated one per year and while on probation 3 evaluations are given.

Councilman Barber said these guidelines are general and broad for now and will become more detailed.

Ms. Shea would like to leave them general to begin with until they are better trained.

Councilman Barber stated that from both employee and citizens the evaluations should provide clear job requirements.

Ms. Shea said they are just guidelines for now.

Councilman Andersen stated he feels the fine tuning should be done in the job descriptions.

Ms. Shea thinks 75 – 80 % should be based within the job description and the rest on other employees and those they work with.

Mr. Perrins said they have had a lot of discussions about the evaluations, he is committed to make sure the improvement is followed through on and the managers are committed to make the changes and make tough calls when needed. He feels that everyone is committed to stepping it up, and likes the general guidelines.

Councilman Barber said they go through one cycle when management is learning the ropes and then when the budget comes they might have to give a smaller percentage because of budgetary constraints.

Councilman Wadsworth asked if it could do well to apply this methodology to the Council's wages.

Ms. Shea stated there are sample policies and procedures given to handle the salaries. She also gave some advice. The city does operate lean and the employees do wear many hats and the city is growing. The job evaluation committee will remain in place.

Mr. Jensen stated that in the end the Council will make the call.

The Council took a break at 4:16 p.m.

The meeting reconvened at 4:29 p.m.

Ms. Shea stated that as part of the employee review they address the benefits package. It was decided to look at the benefits list and the data sources they used. They looked at five (5) primary benefits. They tried to do a multiple city survey from cities in the Wasatch Valley area, they also invited cities of comparable size. They got a response from three of them.

Councilman Wadsworth asked that they ask cities that participated in the salary survey to use their benefits.

Ms. Shea stated they stayed with size in comparison this time.

Councilman Wadsworth asked why only a few of the same cities specified in the salary comparison were used with the benefits survey. Why did they use much larger cities with significantly larger tax bases for the benefits comparison, he then listed some of the cities used.

- Appleton, WI – 70,087
- Fayetteville, AR – 62,000
- Garland, TX – 218,027
- Lakewood, CO – 142,474

Ms. Shea said they did so because of the prevalence data which is less tied to the organizations size.

Mr. Jackson said Spanish Fork was the first municipality to adopt a consumer driven health plan. Spanish Fork tries to be proactive and it will lower the costs short term and long term. He also stated that the HMO's are still a cost effective way to go.

Ms. Shea said that even with offering above and beyond the mandated contribution, Spanish Fork is competitive plus and are in the top 1/3 of cities in Utah.

Ms. Shea stated that Spanish Fork was the lowest for vacation days given.

The Council asked that the trend for sick leave be brought back.

Mr. Jackson asked for clarification that paid time off (PTO) in the private sector is big but Utah cities have not gone to PTOs.

Ms. Shea said the total compensation is right around the area the Council has chosen to be, they are not more competitive or less. She said Spanish Fork City is targeted competitive with the benefits as they currently stand.

Alyn Olsen

Ms. Olsen asked what the city contributes to employee retirement.

Mr. Perrins stated the city puts the mandated 11.59% as required by the State and the city contributes 6.31%

Councilman Wadsworth stated in 2007, \$320,551 of the budget goes to retirement. He also asked how they are considered competitive plus, and minus.

Ms. Shea explained that due to the time frame she can only provide comparable data.

Mr. Evans would like to see vision benefits added, he also stated that when they talk about retirements he feels the 17% is ridiculously high. He stated they are not assessing how much the other cities are contributing.

Ms. Shea stated that by quantity compared to the other cities Spanish Fork is in the top 1/3 with benefits as a whole.

Mayor Thomas stated there are concerns regarding the retirement, and asked if there would be more ways to have information given to them.

Ms. Shea said Mr. Perrins has the cost comparison with other cities as far as what they contribute.

The Council expressed their appreciation for Ms. Shea.

Ms. Shea left the meeting at 5:08 p.m.

The Council requested this item be on the next agenda as a public hearing November 7, 2006, at 6:30 p.m.

ADJOURN

Councilman Barber made a **motion** to adjourn at 5:12 p.m. Councilman Sorensen **seconded** and the motion **passed** all in favor.

ADOPTED: January 16, 2007

Kimberly Robinson, Deputy Recorder