

## CITY COUNCIL WORK SESSION

**TITLE:** Identification of Budget Preparation Parameters

**PURPOSE:** To identify City Council Parameters/Issues upon which the City Council would like the budget to be developed.

**RECOMMENDATION:** Select a date for a Work Session.

**HISTORY:** Mayor Morrissey suggested as part of the upcoming budget process, it would be helpful to staff for the City Council to provide some guidance (parameters) to the City Manager as staff prepares the fiscal year 2015 budget for consideration by the City Council. Such items/parameters could include such things as what the City Council's expectations are regarding property taxes; special projects; any new initiatives/programs of which staff should be aware; employees' salaries (see below); any specific equipment purchases; etc. it may also be helpful to have a brief overview and explanation of our current budget process. I have also ordered some brochures from the Government Finance Officers Association explaining some aspects of governmental (fund) accounting/budgeting.

In regard to employee salaries, the previous City Council stated that they wanted to "phase in" implementation of the Evergreen (consultant) Compensation Study recommendations. Staff will proceed with phasing in the Evergreen recommendations as previously directed.

Obviously whatever items/parameters are identified by the City Council, such items will be subject to approval by the City Council as part of the final budget adoption. The above referenced parameters/items would be general direction at the present time and may change.

The previously approved City Council goals are available on our website. You should have received a copy of our current budget which includes our multi-year Capital Improvement Program. I have attached the minutes from the Council meeting at which direction was given regarding salaries.

City Manager: 

## Steve Crowell

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**From:** Steve Crowell  
**Sent:** Monday, June 03, 2013 9:20 PM  
**To:** AllEmployees  
**Subject:** Wage/Salary Decision by City Council

At the Council meeting tonight, the City Council again discussed employee compensation and the budget. The Council, and I, want to make sure all employees know how much your hard work and efforts are appreciated.

The Council noted that the rather significant increases in health insurance premiums for 2013 and 2014 were not passed onto employees. The increase for these two years equates to about a \$6,000 annual "savings" to employees who have the City's family health insurance. The City Council also decided to fund the additional money for the Employee Health Clinic which should also help to control health costs.

In regard to salaries, Council discussed the consultant's recommendations and alternative implementation strategies which were discussed at the previous City Council Work Shop and on which I provided you a summary. At tonight's meeting, the City Council decided to implement a "phased in" compensation strategy which, as I understand it (could change if I did not understand it correctly), has the following components:

1. If an employee is currently making \$30,000 or less, then the employee will receive up to 7% of the amount that it takes to move the employee to the minimum of the new range as identified by the consultant.
2. If an employee is currently making more than \$30,000, then the employee will receive up to 5% of the amount that it takes to move the employee to the minimum of the new range as identified by the consultant.
3. Otherwise, employees (not addressed in steps 1 or 2) will be moved to the nearest dollar amount on the proposed (new) range.
4. Once employees are on the new range (steps 1, 2 or 3) , they will receive an wage/salary increase of 1.5% on or about July 1 and another 1.5% on or about January 1 (or whatever implementation dates are eventually determined to be the easiest to implement).
5. Council indicated an interest in trying to work towards a full implementation of the consultant's recommendation the following budget year (2015). Obviously this Council cannot hold a future Council to a decision, but this was the intent.

Steps 1 and 2 above only refer to employees who are below the minimum of the proposed (new) range. This does not mean that all employees will receive an increase of 7% or 5%. I have not had an opportunity to fully think through all the implementation components of the above, so there may be some clarification which needs to occur, but my understanding is as noted above.

I know this is confusing and I will further explain it at the upcoming employee meeting.

The City Council also directed staff to "phase out" the sale of leave policy over the next two years. My interpretation is that we will reduce the sale of leave by 50% for 2014 and another 50% by 2015; therefore, the sale of leave program will be eliminated beginning 2016. Again this is subject to change if a new Council so desires.

This certainly is a POSITIVE STEP and commitment by the City Council regarding wages/salaries and benefits.

Again, thank you for all your hard work.

Councilmember Bird made a motion to loan the Airport Authority the funds required to move the project forward if it is needed. Councilmember Stasinis seconded the motion. Voting was unanimous in favor of the motion.

→ C. ADOPTION OF COMPENSATION & CLASSIFICATION PLAN: Consideration to accept the Evergreen Compensation Analysis and direct staff regarding and implementation of plan

Mr. Crowell stated his recommendation is the same as the consultants which is to move all personnel to the new minimum for approximately \$400,000. Mr. Crowell stated there were other options presented at the work session.

Councilmember Morrissey made a motion on the Evergreen Compensation Study for all employees making \$30,000 and under to move up 7% of the new minimum (employees move up by their individual calculated increase and no increase shall exceed a cap of 7%). All employees making over \$30,000 will move up to 5% of the new minimum (employees move up by their individual calculated increase and no increase shall exceed a cap of 5%) Statements in parenthesis were added for clarification after the City Council meeting by Councilmember Morrissey. An increase of 1.5% will be effective on July 1, 2013 and again on January 1, 2014. For all employees who have not met the new minimum established, it will need to be reviewed next year by the next City Council. Councilmember Gant seconded the motion.

Councilmember Morrissey stated he reviewed the data and thanked the staff, Mr. Crowell and Evergreen. Mr. Morrissey stated overall the two populations (30,000 and under/over 30,000) were 7% for \$30,000 and under and 5% for over \$30,000. The 1.5% and 1.5% increase gives an effective 3% increase annualized for the employees. This will work well for the City. The Finance Director (Jennifer Brown) asked for clarification on the 1.5% on July 1, 2013 and January 1, 2014.

Mr. Crowell asked if the employees at or below the minimum of the new range and they are making less than \$30,000 move up. Councilmember Morrissey stated all employees move up to the new minimum that has been established but if an employee is moving up to the new minimum and the new minimum is over 7% they are capped at 7%. Councilmember Gant asked Councilmember Morrissey to explain the reason he presented this particular pay increase.

Councilmember Morrissey stated he reviewed the majority and some of the increases. Mr. Morrissey stated some employees apparently came into the job and the way some of the pay scales were so large; he did not think it was justifiable. One was a justifiable and reasonable increase based on some of the other employees. The 1.5% and 1.5% will effectively give them 2.25% the first fiscal year but from then on it is annualized at 3%. It helps balance the minimum raise by breaking the subsequent salary increase apart.

Councilmember Morrissey stated the City is providing health benefits, clinic and a few other things to repair problems over the five years. Councilmember Gant thanked the employees and stated they deserved a raise. Mr. Gant mentioned the increase in health care costs which was absorbed by the City and was not passed on to the employees. Councilmember Gant stated you have to look at it as a package. Mayor DeLoughy stated the City had a good year last year and it was due to the employees. He stated this will make the City competitive.

Mr. Crowell stated there was enough money in the budget to implement the alternative but it is less than the consultant's recommendation. Mr. Crowell stated the biggest competitor with the City is Kingsland. Mr. Crowell stated it makes the City less competitive and if it is to save money, the City will be even further behind and compound the situation.

Councilmember Morrissey referred to the situation the City is in right now, this is a good proposal. Mr. Morrissey stated the next Council can revise this plan if they wish. Mr. Crowell stated he would like flexibility of moving personnel from one grade to the other if needed. Councilmember Gant stated the City Manager has that authority. Voting was unanimous in favor of the motion.

**D. SNAK SHAK LEASE DEFAULT CONSIDERATION (\*): Consideration to determine Snak Shak in default of lease and direct staff to proceed with rebidding the lease**

Councilmember Stasinis made a motion to direct staff to proceed with rebidding the lease for the Snak Shak due to lease default. Councilmember Morrissey seconded the motion. Voting was unanimous in favor of the motion.

**E. SALE OF LEAVE STAFF REPORT: City Manager ( Mr. Crowell)**

Councilmember Gant made a motion to eliminate the Sale of Leave over four years. Councilmember Post seconded the motion. Councilmember Bird moved for discussion and stated at his first term, Council voted to eliminate the Sale of Leave. Councilmember Post stated the Sale of Leave was revised with limits. Councilmember Stasinis stated the phase out period should be reduced to two years versus four years.

Councilmember Gant amended his motion to eliminate the Sale of Leave over two years. Councilmember Post seconded the motion. Councilmember Morrissey thanked employees for working on the report. Councilmember Gant withdrew his motion. Councilmember Bird made a motion to eliminate the Sale of Leave over two years instructing the City Manager to phase-out the Sale of Leave 50% in FY 2014 and the rest in FY 2015. Councilmember Gant seconded the motion. Voting was unanimous in favor of the motion.

**F. RESOLUTION WELCOMING BOATERS TO ST. MARYS: Resolution to convey support of the waterways, waterfront and harbor in St. Marys by all residents, visitors and businesses**

Mayor DeLoughy read the resolution. Councilmember Gant made a motion to approve the Resolution Welcoming Boaters to St. Marys. Councilmember Stasinis seconded the motion. Voting was unanimous in favor of the motion. Councilmember Gant asked that the resolution be placed on the City website. Mr. Crowell stated it would be placed on the City website and at the waterfront.

**G. FEMA FLOOD INSURANCE CORRESPONDENCE REQUEST: Request authorization for Mayor William T. DeLoughy to sign correspondence regarding the raising of flood insurance policy premiums**

Councilmember Bird made a motion to authorize Mayor William T. DeLoughy to sign FEMA Flood Insurance correspondence. Councilmember Howell seconded the motion. Voting was unanimous in favor of the motion. Councilmember Morrissey asked Roger