

# DRAFT

## OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL WORK SESSION

December 15, 2017

5:00 p.m. Special Meeting

Addison Town Hall, 5300 Belt Line Rd., Dallas, TX 75254

Present: Mayor Joe Chow; Mayor Pro Tempore Ivan Hughes; Deputy Mayor Pro Tempore Jim Duffy; Councilmember Al Angell; Councilmember Tom Braun; Councilmember Paul Walden; Councilmember Lori Ward

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### WORK SESSION

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1. Present, Discuss, and Consider Action on the **Classification, Compensation, and Certification Study Results and Recommendations.**

City Manager Wes Pierson opened the discussion by advising Council that a few of the presentation slides that were published earlier in the day have been updated and hard copies of the presentation have been provided. Human Resources Director Passion Hayes reminded the Council that the study includes 13 comparison cities, adding that eight (8) of those have established pay practices.

She reviewed the Town's Adopted Compensation Philosophy as follows:

"The purpose of the merit and market pay plan is three-fold: 1) To encourage excellence in service by tying salary increases to job performance; 2) To reward employees for their efforts and job performance, and; 3) To remain competitive with other metroplex cities in regards to the Town's compensation program by paying employees *better than the average* of our comparison cities.

We support an *open range system* in compliance with our compensation philosophy. We will annually budget for market and merit adjustments for compensation that are fair and sustainable."

Matt Weatherly, President of Public Sector Personnel Consultants, presented the study and updated compensation plan. He reviewed the steps involved that included having the employees fill out a job questionnaire, and visiting with the department heads to review job descriptions and current certification pay. A salary survey of the comparison cities was conducted and examples of specific positions were provided. Mr. Weatherly further explained the methodology for utilizing market data to evaluate pay ranges (minimum, mid-range, maximum.) It was noted that not all cities provide merit increases or cost of living, while others include both. Job descriptions from other cities were also used to complete the comparison. Additionally, certification pay of each comparison city was evaluated.

Implementation cost options and a plan to phase in the changes were presented. City Manager Pierson recommended Phase I of the plan with the option of "1% over market" be considered at a total cost of \$1.28 million. He stated that in order to fund 50% the salary market adjustments early in 2018, the department heads have trimmed their operating budgets for the current fiscal year in the amount needed (\$684,000). Phase II of the Implementation Plan would occur in Fiscal Year 2019 with a 4% merit budget, plus 50% of the remaining market adjustment. Phase III in Fiscal Year 2020 has a 4% merit budget plus any remaining market adjustment.

City Manager Pierson presented a Long Term Planning Model to show the implications of implementing this plan. He expressed that he wants the Council to understand that a decision on this pay plan may impact other things going forward. The model uses assumptions and provides a "potential" financial future. Options included a conservative approach in 2019 resulting in a \$1.4 million deficit; no sales tax or property tax increases were considered. Budget considerations for 2019 may include possible revenue increases and expenditure priorities may change. Beyond 2019, ten year rolling average increases have been applied. He reminded Council that a Special Project Fund created at the end of each budget year and comprised of savings in that year are used the following year for special projects. He stated those funds could possibly go toward compensation line items. Mr. Pierson then pointed out that in 2020, 2021 and 2022 Transfers Out include payments for the Addison Grove incentives [reimbursement for public infrastructure improvements, \$750,000 budgeted yearly] and briefly reviewed how those might be funded. He reemphasized that consideration should be given on how this pay plan, if adopted, is sustained going forward. The fund balance is currently

35.5 percent of current budgeted expenses and can be used to fund increases, however, he expressed that he would rather use recurring revenue to pay for recurring expenses.

Mr. Weatherly continued by reviewing the certification pay comparison results that included some cities offering certification pay for Fire, Police, Utilities, and some for Development Services, Municipal Court and Bilingual employees. Proposed guidelines and recommendations for certification pay were presented. City Manager Pierson advised that there is currently \$175,000 budgeted in the FY 2018 budget for certifications and the current expense is approximately \$120,000.

Mayor Chow, along with several other Council members, expressed that the Town should conduct such a study every two years so that in the future the Town does not get below the market again. Additionally, several Council members expressed their appreciation to staff and approval of the plan. Director Hayes told the Council that if this plan is approved, she will meet with the employees and the department heads to explain how the process will work. City Manager Pierson also advised that if approved, a budget amendment ordinance will be prepared for council approval at a future meeting. The Council discussed making a motion to adopt the implementation plan as discussed.

***Motion to approve with a pay structure of 1% over market, to be effective on the January 19, 2018 payroll- Councilmember Walden; second by Councilmember Braun; motion passed with a vote of 7-0.***

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Adjourn Meeting

The meeting was adjourned at 6:20 p.m.

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Mayor-Joe Chow

Attest:

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Interim City Secretary- Christie Wilson