

**John Day City Council
May 22, 2018
7:00 PM City Council Meeting
Fire Station, 316 S. Canyon Blvd
AGENDA**

1. **OPEN AND NOTE ATTENDANCE**
2. **APPROVAL OF CITY COUNCIL MINUTES OF MAY 8, 2018.**
3. **APPEARANCE OF INTERESTED CITIZENS** – At this time Mayor Lundbom will welcome the public and ask if there is anything they would like to add to tonight's agenda.

ACTION ITEMS

4. **9-1-1 UPDATE AND TENANT ARRANGEMENTS**
Attachments:
 - Offer letter terms (DRAFT)
5. **RESULTS OF LGPI TOTAL COMPENSATION ANALYSIS**
Attachments:
 - None
6. **FY2019 BUDGET HEARING & APPROVAL**
Attachments:
 - FY19 Budget Worksheet (Committee Approved)
7. **WASTEWATER TREATMENT FACILITY & CAPITAL PROJECTS UPDATE**
Attachments:
 - None

OTHER BUSINESS

8. **OTHER BUSINESS AND UPCOMING MEETINGS**
 - Report on May 16-18 – Water Reuse Association Conference (Portland) – City Staff
 - Police update
 - May 24 – Planning Commission Hearing – Urban Renewal, 5 P.M. Fire Hall
 - June 12 – City Council Meeting (Urban Renewal Adoption), 7 P.M. Fire Hall
 - June 13 – 20 (City Manager Leave)
 - June 21 – Wastewater Treatment Facility One-stop, 8 A.M. – 4 P.M. in Pendleton
 - June 26 – City Council Meeting (Treatment Plant Feasibility Study Results), 7 P.M. Fire Hall

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: May 24, 2018

SUBJECT: Agenda Item #4: 9-1-1 Update and Tenant Arrangements
Attachment(s)

- Offer letter terms (DRAFT)

BACKGROUND

The intergovernmental council (IGC) for the Grant County Emergency Communications Agency approved a motion at their May 7 meeting to take over operations of the 9-1-1 Center in January 2018. The IGC also requested a formal offer letter of proposed terms for locating the 9-1-1 Center in the fire hall. A copy of the terms letter is enclosed and was presented to the IGC on May 21. We will discuss any recommended changes from the IGC during this meeting.

DISCUSSION

The IGC has decided to set their fiscal year for operations as January through December (calendar year). They intend to resume operations of the 9-1-1 Center in January 2019. This will require the City to give notice to the Grant County Peace Officers Association of the transition timeline for city staff so that the IGC can negotiate for their next agreement.

In conjunction with the transition, I have proposed the terms enclosed to the IGC for their consideration in locating the 9-1-1 Center as a tenant of the fire hall. The IGC will discuss this offer and provide feedback for the council to consider during the meeting.

If the IGC chooses to locate in the fire hall, the FY19 budget figures for capital outlay (\$118,176) will be used to relocate the 9-1-1 Center. We will have to pass an amended budget appropriation at our January 8, 2019 city council meeting to transfer the balance of the FY19 operations budget (Personnel Services and Materials and Services in Dispatch Dept. 040) to the IGC. We will retain the 9-1-1 Administration Department funds (Dept. 010) to cover any residual expenses associated with our audit, legal costs for the transition, etc. This fund will then be zeroed out in FY20 and any remaining funds will be paid forward as a portion of our required contribution under the new cost sharing agreement.

RECOMMENDATION

Council should review the IGC's feedback and make a motion to approve the City Manager to formalize the offer in a lease agreement.

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: May 24, 2018

SUBJECT: Agenda Item #5: Results of LGPI Total Compensation Analysis
Attachment(s)

- None

BACKGROUND

The City commissioned the Local Government Personnel Institute (LGPI) to prepare a salary survey and total compensation analysis for our non-union staff. The survey covered 13 positions and also reviewed general city policies for salary schedule/structures, health insurance benefits, paid leave and overtime.

Salary data was collected and compiled by LGPI by surveying appropriate comparison organizations with which to match similar jobs and market areas. Ten organizations were ultimately contacted/reviewed for comparative data. Eight organizations were originally identified/surveyed and seven ultimately responded to the request for information or had information easily accessible in databases or on their websites. In addition, two more cities were reviewed for additional data purposes. The City of John Day is estimated to have a population of 1,735. The organizations whose data was utilized are listed below:

- City of Stanfield (population 2,125)
- City of North Plains (population 2,015)
- City of Enterprise (population 1,940)
- City of Turner (population 1,920)
- City of Amity (population 1,620)
- City of Hines (population 1,560) – No response
- City of Pilot Rock (population 1,505)
- City of Culver (population 1,395)
- City of La Pine (population 1,730) – for additional data purposes
- City of Brownsville (population 1,705) – for additional data purposes

DISCUSSION

The comparator agencies vary in services, staff size, and customer base. LGPI collected job descriptions, where available, from each of the comparators to ensure proper job matches were made for the best comparison to the City of John Day's positions. Job duties, education, experience, and certification requirements were considered as well as program responsibility and lead/supervisory duties.

Data were collected and comparisons were made on health/medical insurance benefits for each participating entity. Included in the survey were Premium Cost Share (Employer/Employee), Medical Plan, Deducible (Individual/Family), Generic Prescriptions, Brand-Name Prescriptions, and Out-of-Pocket Maximums (Per Employee/Per Family). Data were also collected and comparisons were made on paid leave benefits for each participating entity. Included in the survey were Sick Leave, Sick Leave Maximum Accrual, Holidays, and Vacation Leave (broken down by years of service). Finally, data were collected and presented on overtime policies for each participating entity.

Since not all entities pay the employee share of the PERS premiums, adjusted compensation tables were created to account for total compensation and normalize the comparisons between agencies.

RESULTS

A summary of the findings is below:

- Salaries were below market in every category. Using the mid-point for adjusted compensation, the percent below the average ranged from -7.12% to -32.15% depending on the position.
- Sick leave accrual is competitive with the market. Max accrual of sick leave varied from 10 days to unlimited (John Day is currently at 260 days).
- Paid holidays are slightly below market. Most cities offer 10-12 paid holidays. The City currently offers eight paid holidays plus two floating holidays.
- Health insurance benefits are competitive with the market.
- Overtime pay is above market. John Day is the only city that classifies department heads as overtime eligible (non-exempt). At present, only the City Manager position is overtime exempt.

DISCUSSION

Salary administration, retirement, fringe benefits, and discipline, discharge, and other related activities are administrative responsibilities given to the City Manager by Title 1 – Chapter 6 of the City Code. Council only prescribes benefits for the City Manager.

In reality, the effective and efficient delivery of city services and the implementation of all council policies and goals is a joint responsibility. It is a partnership that requires the involvement and commitment of both the council and the manager.

The standard practice for establishing the compensation of city managers and other city staff should be reasonably based upon market conditions, transparent, and tied to experience and salaries at comparable agencies. Compensation should also be based on the job requirements, the complexity of both the make-up of the city organization and community, the leadership needed, labor market conditions, and the organization's ability to pay. In addition to these factors, there are ethical considerations about what is just and fair. The salaries public employees receive impact public perception and trust.

We are in a difficult position because we are trying to recover from thirty years of population and economic decline. The City should not make financial commitments today that it cannot afford in future years or that would delay our economic recovery. At the same time, we need to recognize that under compensating our staff may result in higher employee turnover, which adds more expense and creates disincentives for staff to invest in a long-term career with the city. For these reasons, we need to find the right balance that fits our current needs and opportunities while also allowing for future flexibility.

An agency's compensation philosophy should also be taken into consider when determining salary structures and benefits. A compensation philosophy refers to the set of guiding principles that drive decision making about compensation. A compensation philosophy guides the choices an organization makes about how to pay employees and how to motivate their performance.

Our current pay schedule reflects a very traditional compensation philosophy. Step-in-grade progression encourages employees who meet minimum standards to remain in their positions by providing predictable pay increases based on time-in-grade. Longevity pay is added to staff who reach the high end of the scale and have no additional steps. The City's positions are currently classified into pay ranges with an established step-in-grade system with 14 grades, each with 7 steps, approximately 5% apart. Based on the results of the LGPI wage survey, most staff are operating one-grade below market.

An alternative approach is performance-based compensation. This approach removes the step-in-grade structure. Employees are given a base salary, and any additional compensation is determined based on their performance and the City's financial ability to pay a performance bonus. This type of approach encourages staff to exceed expectations while also limiting the City's financial exposure, since raises are not guaranteed based on time-in-grade.

A hybrid approach blends these two compensation models. Management staff are given a base salary and are bonus-eligible (but not overtime eligible), while non-management staff have the predictability and stability of a step-in-grade model. This approach encourages management to put the mission first and creates opportunities for growth while stabilizing the workforce responsible for day-to-day operations.

RECOMMENDATIONS

I recommend we implement a phased approach to adjust our total compensation. The following adjustments have been included in the FY19 budget approved by the budget committee:

- 1) Spot adjustments to salaries for staff who are significantly below market to bring them more in-line with market rates.
- 2) Reclassification of department heads (Police Chief and Public Works Director) as overtime exempt.
- 3) Department heads and City Manager to be removed from the step-in-grade structure and placed on a fixed salary with bonus eligibility. Future compensation changes (both bonuses and pay increases) will be determined by the City Manager in conjunction with the Administrative Committee of the city council.
- 4) Addition of two paid holidays (the day after Thanksgiving and Martin Luther King, Jr. day).
- 5) Capping sick leave accrual at 90-days for all staff.

In the future, we may also consider consolidating our current leave categories (sick leave, comp time and vacation) into a single category for paid time off (PTO). PTO accrues at a lesser rate than the combination of sick and paid vacation, but it can be used at the employee's discretion and would be paid out to the employee upon leaving the city. Employees tend to prefer PTO because it transfers with them and gives them more flexibility in using their leave. It also benefits employers because it provides predictability when funding unpaid leave accounts, employers typically receive more notice about scheduled vacations, affording more time to plan for adequate coverage, and it is more efficient to track one leave category for PTO than to separately track hours for vacation, sick and personal days.

SUMMARY

Council should discuss these proposed changes and provide any recommended adjustments. Issues related to City Manager compensation must be considered and approved in a public meeting. Council should motion to amend the City Manager's compensation as they see fit. All other compensation adjustments for city staff will be made by the City Manager in consultation with the Administrative Committee.

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: May 24, 2018

SUBJECT: Agenda Item #6: FY2019 Budget Hearing and Approval
Attachment(s)

- FY19 Budget Worksheet (Committee Approved)

BACKGROUND

The John Day Budget Committee met on May 3rd to review the proposed budget for FY2019. The committee approved the budget with one change: the Transportation Growth Management (TGM) grant was listed as a \$27,000 revenue line item in the Motor Pool rather than as an expenditure.

The budget worksheet enclosed allocates a portion of the TGM costs to water, sewer and streets in materials and services. The revenue line item is still shown in Motor Pool as proposed but is eliminated in the "Approved by Budget Committee" column.

No other changes were made to the budget.

DISCUSSION

Council should open the public hearing, request and address any public comments, and then close the hearing. Council should note any public comments and changes to incorporate into the final budget, which will be adopted and appropriated by resolution at the June 12 city council meeting.

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: May 24, 2018

SUBJECT: Agenda Item #7: Wastewater Treatment Facility and Capital Projects Updates
Attachment(s)

- None

BACKGROUND

Below are updates on the City's various capital projects:

- *Treatment Plant.* The feasibility study for the new wastewater treatment plant will be complete in June. I have scheduled our one-stop with the Infrastructure Finance Authority (IFA) for June 21 in Pendleton. Our engineering teams (Anderson Perry and Sustainable Water) will attend the June 26 city council meeting to present the results of their work and we will discuss the financing terms we can expect. Council will review the updated Wastewater Treatment Facilities Plan during the June 26 meeting.
- *Greenhouse.* The city did not receive any compliant bids for the design-build RFP. Designers were not able to find a local contractor to build the structure and could not price a remote team within the budget we proposed. As a result, we will need to revise the RFP and resolicit. This will delay our build time by approximately 30 days.
- *TGM.* ODOT/Agency announced its intent to award the Innovation Gateway area development plan on May 7. Agency has begun negotiations process with DKS Associates. City staff worked with DKS to revise the scope of the RFP and ODOT expects to have the contract awarded in August. The team includes: DKS (Prime Consultant | Transportation); Walker Macy (Landscape Architecture | Project Management | Urban Design); JLA (Public Involvement); Inter-Fluve (River and Stream Restoration); Angelo Planning Group (Planning); KPFF (Civil Engineering); and John Southgate Consulting (Municipal Financing).
- *Housing.* The city council will hold its first meeting as an urban renewal agency Tuesday following the LOC event. The adoption ordinance will take place on June 12 and the urban renewal agency will adopt bylaws at a subsequent meeting. The area plan encompasses all tax changes occurring this year and the first incentive payments will be made in October 2019.
- *Fire hall.* Project is on schedule to begin after July 4.
- *Canton street extension.* City is requesting bids to complete a portion of the Canton street cul-de-sac.
- *Broadband.* The USDA Community Connect Grant was submitted on May 14.
- *Innovation Gateway Trails.* City is preparing an application for the 2018 Recreational Trails Program (RTP) offered by the Oregon Department of Parks and Recreation (OPRD). Applications are due by 11:59 PM on Friday, June 15.
- *Main Street Building.* City is still waiting on notice of our latest grant application for asbestos abatement and draft stopping. Modest updates to the commercial space occupied by Naturally Yours are planned in order to prepare that space for a new tenant in FY19.

TO: John Day City Council

FROM: Nicholas Green, City Manager

DATE: May 24, 2018

SUBJECT: Agenda Item #8: Other Business and Upcoming Meetings
Attachment(s)

- LOC Bulletins

OTHER BUSINESS

- Report on May 16-18 – Water Reuse Association Conference (Portland) – City Staff
- Police update

UPCOMING MEETINGS

- May 24 – Planning Commission Hearing – Urban Renewal, 5 P.M. Fire Hall
- June 12 – City Council Meeting (Urban Renewal Adoption), 7 P.M. Fire Hall
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