



CITY COUNCIL MEETING MINUTES

Richfield, Minnesota

City Council Work Session

February 28, 2024

CALL TO ORDER

Mayor Supple called the work session to order at 5:45 p.m. in the Bartholomew Room.

Council Members Present: Mary Supple, Mayor; Simon Trautmann, Sharon Christensen; Sean Hayford Oleary; and Ben Whalen

Staff Present: Katie Rodriguez, City Manager; Sack Thongvanh, Assistant City Manager; Melissa Poehlman, Community Development Director, Jay Henthorne, Public Safety Director; Kristin Asher, Public Works Director; Karl Huemiller, Recreation Services Director; Mike Dobesh, Fire Chief; Kumud Verma, Finance Manager; Jamie Haefner, Human Resources Manager, and Chris Swanson, Management Analyst

Guests Lexi Scholten, Baker Tilly

ITEM #1	REVIEW THE RESULTS AND EXPLORE OPTIONS TO IMPLEMENT THE FINDINGS OF THE COMPENSATION AND CLASS STUDY FROM BAKER TILLY.
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Mayor Supple turned the presentation over to City Manager Rodriguez. City Manager Rodriguez introduced the topic and explained the step staff took to get to this point. She talked about how staff has been working to review the material from Baker Tilly and noted that the union members are included in the report as a reference, but still need to come to agreement with the bargaining units.

City Manager Rodriguez turned the presentation over to Assistant City Manager Thongvanh, he introduced Lexi Scholten from Baker Tilly. He thanked the staff for all their work on this project over the past months. He provided more background to the project and turned the presentation over to Ms. Scholten.

Ms. Scholten provided a summary of what the presentation will cover. She talked about how the proposed compensation was determined and outlined Baker Tilly’s process. This included providing a summary of the various inputs that go into impacting the final compensation package. She talked about the phases of this project and what was covered in each of these steps. She talked about Baker Tilly’s Systematic Analysis and Factor Evaluation (SAFE) tool and what goes into this determination. She talked about how the market impacts these scales and how peer organizations were used to set a baseline for data. She discussed how twelve peer organizations were identified by the compensation and classification committee.

Ms. Scholten discussed some of the other items that went into the evaluation, including the benefits. She also talked about how they were able to get comparison data for private sector jobs. She talked about how the cost of labor differentials were incorporated into the study. She spoke about how Baker Tilly was able to calculate a market value for 90 out of 100 positions the study covered. She noted that Baker Tilly needs at least three matches in the peer organization to calculate a standard market value. Baker Tilly found the city of Richfield is, on average, 1.9% below the midpoint. Ms. Scholten discussed the market assessment and what was found for benefits comparison.

Ms. Scholten talked about the process for development of the pay plan. She outlined the two pay plans that were created for the city as the general plan and the seasonal plan. She provided background on the city's current pay plans and the differences. She introduced the updated general plan which updates and combines the current general services and management plans. She talked about how this new pay plan is 100% aligned (at the midpoint) to the market. She noted there was an increase in the spread between the old pay plan and the new proposal. She also talked about the proposed seasonal plan. She spoke about the process for grade assignments and underlined that through this process, the individuals in the positions were not looked at and the workers' performance was not included, only the job duties for the position were evaluated.

Ms. Scholten next introduced the implementation scenarios for the new plans. She noted Baker Tilly never recommends a reduction of a salary in this process. She outlined the process for bringing employees onto the updated pay plans. She talked through the three proposed scenarios and what that would look like for an example employee. She again noted these proposed scenarios do not include represented bargaining units.

City Manager Rodriguez again noted that the comparison to represented employees can be "apples and oranges" and staff were still evaluating what the full financial impact will be. She talked about some of the final implications with these models including the impact to the levy and the fund balance.

Director Verma noted that 70% of the city's total expenses go to cover staff salaries and this will have financial impacts. City Manager Rodriguez talked about the importance of the city having a well-trained workforce, noted it's one of our strategic priorities, underlining how important good employees are to the success of Richfield. She also spoke about some of the impacts of not updating the pay plans in over 20 years. She noted how using the SAFE scores is a more subjective way to evaluate jobs.

Council Member Whalen asked about a timeline for implementation. He also asked about how movement across the pay scales would work. Ms. Scholten noted that this was dependent on the city's pay policies. Human Resources Manager Haefner noted that steps are dependent on completing each year and then explained how the open step plan works.

Council Member Hayford Oleary asked about more detail on the step plan. He noted that he is worried that if the city keeps the steps system, there will be no benefit to staff if they exceed expectations. He also asked about how the open range raises are determined. Assistant City Manager Thongvanh talked about how the open pay plan works, including how raises are determined.

Mayor Supple asked about the difference between pay Option 1 and Option 2. Ms. Scholten stated that with Option 2, staff pay is not only brought up to market rate but also provides a pay bump based on the years in position. Council Member Whalen noted that even with this bump the max listed for the positions would stay the same.

Council Member Hayford Oleary asked about why we have steps and not have everything on an open plan. Ms. Scholten said that this is the standard for how this is done. Council Member Hayford Oleary noted he wished the city had a structure that rewarded doing great work and doesn't feel like the step plan meets this goal. Human Resources Manager Haefner provided more

background on the challenges of going fully with an open range option. Specifically, she talked about the significant amount of additional training this would need for managers and supervisors. Mayor Supple noted one of the historic reasons pay plans were put into place were to ensure equity across workers, particularly between men and women at that time.

Council Member Trautmann said he appreciated opportunities like this. He feels like this is an opportunity to thank staff. He is grateful the city can bring staff salaries to market and was surprised Eagan was considered a peer city, as they have a larger tax base. He asked if more time was needed or more tools necessary to come up with the next steps. City Manager Rodriguez said it would be helpful to get direction from the council and would be willing to hear any other additional proposed options.

Council Member Trautmann said he was inclined to Option 2(a). Council Member Whalen said he wanted to explore matching the midpoint. He said there are some positives to be gained by going above the midpoint. He wants to ensure staff are paid for the great work they are doing. He asked why the city couldn't just bump everyone up a flat amount. He asked if there was a feasible route still within budget where wages could be slightly ahead of the market. Council Member Hayford Oleary asked if there was another way to provide an incentive for staff that would be just to move everybody up one step. He asked if this would help with staff retention. City Manager Rodriguez responded and said, because it's a tight labor market, and the steps some staff are being hired at, that this process is already outside the budget. She noted that with this bump it could be a very sizable increase and noted that all employees also received a 3% COLA at the start of the year. She said staff could look at this option. She talked about how, because of the limited tax base, Richfield will never be the highest pay option. Council Member Whalen said the staff is the organization and the city should invest in staff, that was driving his decisions. City Manager Rodriguez thanked the council for their supportive comments.

Council Member Hayford Oleary asked about how common the compression will be at the bottom with these options. Ms. Scholten provided some context to this question. Council Member Hayford Oleary said he was leaning towards Option 1.

Council Member Trautmann asked what the demographics of the staff who would see these pay bumps. He wanted to know if this impacted the lower or higher end wage earners more. He asked if there was one option that addressed the lower end of the spectrum more. Ms. Scholten said she would have to look at the data to provide a correct answer.

Mayor Supple said Richfield needs to match the market to keep the people already employed but also bring on new workers. She said the most important item would be to get everyone on the internal pay plan, so folks are not lagging. She also highlighted the city is doing well with the benefits. Mayor Supple said she feels like staff need to come back with more information and wanted to better understand what the financial impacts will be to the city. She wants to balance out the needs from the compensation study with impacts to the taxpayer.

Council Member Christensen said she tends to agree with the mayor and would like to focus on retention. She noted the city will have to come back to this after conversations with the unions.

Council Member Whalen asked if the total costs listed in the report were above the amount that was already set aside in the budget. City Manager Rodriguez noted these proposed financial impacts would also include what is budgeted. She did state that the estimated amounts in the reports do not include FICA and other benefit impacts. Council Member Trautmann asked some clarifying questions about how this study related to union negotiations. City Manager Rodriguez said that staff needs to sit down with the unions, but this study will provide context for these discussions.

City Manager Rodriguez provided a summary of the discussion and outlined the next steps for staff. She said staff was originally trying to implement April 1st but that will likely change due to the direction from council.

Council Member Trautmann had a final message about how the infrastructure currently in place, including staff, is super important and that he wanted to thank everyone for the work they do. Mayor Supple thanked everyone for the work they did on this process. Council Member Whalen said he would be interested to hear from staff and wanted to know a good way for staff to provide comments on this process. Council Member Hayford O'leary said he feels like it could be helpful to have a 10-day comment period from staff. City Manager Rodriguez said the team would work to provide an option for staff to contribute comments. Council Member Trautmann said he would also enjoy hearing from staff.

ADJOURNMENT

Mayor Supple adjourned the work session at 6:59 pm.

Date Approved: February 28, 2024



Chris Swanson
Management Analyst



Mary B. Supple
Mayor



Katie Rodriguez
City Manager