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**NORTH OGDEN CITY COUNCIL AND
EMPLOYEE COMPENSATION COMMITTEE MINUTES**

March 7, 2013

The North Ogden City Council convened in a special joint meeting on March 7, 2013 at 6:30 pm in the North Ogden City Council Chambers at 505 East 2600 North. Notice of time, place and agenda of the meeting was delivered to each member of the City Council, posted on the bulletin board at the municipal office and posted to the Utah State Website on March 4, 2013. Notice of the annual meeting schedule was published in the Standard-Examiner on December 30, 2012.

PRESENT:

Richard G. Harris	Mayor
Kent Bailey	Council Member
Wade Bigler	Council Member (arrived at 6:36pm)
Justin Fawson	Council Member
Cheryl Stoker	Council Member
Brent Taylor	Council Member
Neal Berube	Committee Chair
Brett Forsberg	Committee Member (arrived at 6:36pm)
Linda Boyer	Committee Member
Kris Barker	Committee Member
Brock Mortensen	Committee Member
Thayne Shaffer	Committee Member

STAFF PRESENT:

Ron Chandler	City Manager
Annette Spendlove	HR Director/City Recorder
Bryan Steele	Finance Director

VISITORS:

Dewey Orme	Bill Bernard	Sherry Bernard
Jerry Wade	Lorrie Frazier	Bill Aeschlimann
Kristen Aeschlimann	Dylan Aeschlimann	Autumn Aeschlimann
Paul Rhoades	Shelly Rhoades	Anthony Bersamin
Tyler McDonald	David Espinoza	Ken Kolb
Byron Dallinga	Laura Barker	Clark Crowther
Blaine G. Seamons	Jeremy Hindes	Debbie Gailey
Phillip Swanson	Tiffany Staheli	Rachel Trotter
Polo Afuvai	Don F. Colvin	Stephanie Valadez
Marcelo Valadez	Kevin Warren	Cooper Favero
Dirk Quinney	Joseph Thomas	Clark Crowther
Gary Kerr	Bruce Higley	

Mayor Harris welcomed those in attendance.

Council Member Stoker offered the invocation and led the audience in the Pledge of Allegiance.

Mayor Harris introduced the Employee Compensation Committee and thanked them for the work they have done. He then turned the time over to them to conduct their business.

52 **CONSENT AGENDA**

53

54 **1. Consideration to approve the minutes of the February 7, 2013 Employee Compensation**
55 **Committee meeting.**

56 **2. Consideration to approve the minutes of the February 13, 2013 Employee Compensation**
57 **Committee meeting.**

58 **3. Consideration to approve the minutes of the February 21, 2013 Employee Compensation**
59 **Committee meeting.**

60 **4. Consideration to approve the minutes of the February 28, 2013 Employee Compensation**
61 **Committee meeting.**

62

63 Neal Berube, Employee Compensation Committee Chairman asked for a motion on the consent agenda.

64

65 **Committee Member Brock Mortensen moved to approve the consent agenda. Committee Member**
66 **Kris Barker seconded the motion.**

67

68 **Voting on the motion:**

69

70 **Neal Berube aye**

71 **Brett Forsberg aye**

72 **Linda Boyer aye**

73 **Kris Barker aye**

74 **Brock Mortensen aye**

75 **Thayne Shaffer aye**

76

77 **The motion passed unanimously.**

78

79

80 **ACTIVE AGENDA**

81

82 **1. PUBLIC COMMENTS:**

83

84 There were no comments.

85

86 **2. EMPLOYEE COMPENSATION COMMITTEE REPORT.**

87

88 Neal Berube, Employee Compensation Committee Chairman, stated the Committee appreciates the
89 opportunity to report on the work they have been doing since being selected last August. He recognized
90 the work of each Committee Member and thanked them for their dedication and the long hours they have
91 put in. He stated Thayne Shaffer has been the glue of the Committee; Linda Boyer took the lead on
92 analyzing the benefits portion of their study, which was a very difficult task; Brock Mortensen took the
93 responsibility of overseeing the data provided by the private sector; Kris Barker has been the enthusiastic
94 editor and chief and has kept the Committee in line; and Brett Forsberg who was the analytical member of
95 the Committee who made sure the data was statistically valid as possible. He stated he also wanted to
96 recognize Annette Spendlove and Brian Steele; they have participated in each Committee meeting for
97 long hours at night and have responded very quickly to provide any information the Committee needed.
98 He stated they have been very passionate about helping the Committee accomplish their tasks. He stated
99 they are the evidence of the great asset the City has in their employees; if they represent the wide
100 spectrum of employees in the City, the employees are very well represented and the City should be proud
101 of that asset. He stated he also wanted to talk about the genesis that got the Committee started from his
102 standpoint. He stated he thinks the Council and Mayor desired to have the ability to look their

103 constituents in the eye and say the City is being fiscally responsible in how it pays its employees. He
104 stated the Council wanted to know, without any bias, whether the employees were being paid fairly,
105 overpaid, or underpaid. He stated as a result of that desire the Council asked for an objective view of
106 things from independent eyes and he hopes the Committee has accomplished that. He stated the other
107 thing the Committee understood would be helpful in providing information was the ability for the
108 employees to know they are being treated fairly. He stated he hoped this data would communicate the
109 City's philosophy in regards to pay. He stated part of the Council's fiduciary duty is to protect the assets
110 of the City and sometimes the greatest asset any company has is its people. He stated he would like to
111 proceed with reviewing the Committee's report with those comments in mind. He stated first is the
112 determination of how fairly employees are paid based upon the strategy of the Council and the Mayor.
113 He stated the Committee thinks the Council has done a very fine job over the last couple of years keeping
114 the City very fiscally strong and they think that has been accomplished by using cost containment
115 strategies relative to the employees. He stated that is not unusual in today's market; the economy has
116 been difficult recently and it has been difficult for many organizations to come up with additional money
117 for increases in salaries and benefits. He stated another strategy the Council may look at when analyzing
118 the data in the report is their strategy regarding retention of employees. He stated he had a conversation
119 with Council Member Fawson recently regarding concerns about the turnover of employees in the City
120 and he thinks the turnover rate in the last couple of years has been higher than the City has been
121 accustomed to in the past, but it is probably not significantly out of line with what has been happening in
122 the business community. He stated the Committee feels that one of the things that should be considered
123 by the City is a retention strategy and that is different than a cost containment strategy. He stated there is
124 value in the employees as they have been trained and they know their jobs. He stated in a small city
125 employees are sometimes asked to do multiple tasks and there are a number of employees in the City that
126 have been employed for a number of years and should be proficient at doing their jobs; retaining those
127 employees might be a strategy for the Council to consider. He added that sometimes as a city grows it is
128 necessary to not only retain, but attract new employees to the City. He stated that it can take some
129 incentive for people to move to a new position, so it may be good for the Council to consider an attraction
130 strategy. He then stated the Committee ran into a few road blocks in carrying out their assigned duties,
131 especially relative to the private sector. He stated they found that a lot of private sector information was
132 held close to the vest because the private sector understood that if it was included in the Committee's
133 report, it would become public information once released to the Council. He stated there were not a lot of
134 private sector entities that were willing to respond for that reason. He added that they also had limited
135 time to gather that information. He explained the Committee ran across some data early in the process
136 that was superior to data they thought they could gain on their own in regards to public salaries and that
137 was through a source called TechNet. He stated they were also able to gather data through the Hay Study,
138 the Employer's Council, and First West and they used that data to provide benchmark information. He
139 stated that he wanted to emphasize that there is as much an art to compensation as there is a science. He
140 stated the Committee thinks the data they have is adequate and will provide the Council with a benchmark
141 to use in making decisions. He stated they are not going to guarantee it is 100 percent statistically
142 accurate. He stated the report that has been compiled by the Committee provides a benchmark for every
143 position in the City and they tried to develop some peer groups, which resulted in a quite a discussion
144 regarding what could be deemed comparative for the City. He stated that was one of the biggest debates
145 the Committee had, but they ultimately concluded they would provide information in regards to two peer
146 groups; one of the peer groups represents cities of similar size to North Ogden with a population of
147 10,000 to 25,000. He stated the report discloses all the cities that were part of that peer group so the
148 Council can reference those for accuracy. He stated that was referred to as Peer Group A. He added the
149 Committee also recognizes the City employees have options other than those cities and the City may
150 oftentimes lose an employee to a larger city; so the Committee made the decision to include data for what
151 they call Peer Group B. He stated that group is made up of cities with a population larger than 10,000
152 that are within a driving radius of 75 miles of North Ogden. He stated the Committee has provided data
153 for both peer groups and he believes that as the Council reviews the report they will see that Peer Group B

154 has more comparative data than the other and he would caution the Council to understand that for the
155 limited populations the data will not be as statistically accurate as the data for jobs where numerous cities
156 had the same position with the same job description. He stated the Committee wants to make sure the
157 Council understands the independence of the Committee and their report. He stated they did engage Ms.
158 Spendlove and Mr. Steele to assist them and they feel Ms. Spendlove has done a very good job of
159 outlining everyone's job responsibilities and performing a job audit on those responsibilities. He stated it
160 would have taken the Committee a substantial amount of time to interview supervisors in the City to find
161 out the responsibilities of every employee in their department. He stated the Committee looked at the
162 information gathered by Ms. Spendlove very closely and in some cases they met with Department Heads
163 to determine the accuracy of their job descriptions. He referenced the TechNet tool and explained it is the
164 commercially available information that compares the data entered by various cities and he explained the
165 Committee took the job descriptions and audits, after making sure they were representative of particular
166 positions, and verified the mapping to TechNet. He stated each city submits information to TechNet
167 including specific job titles and specific job descriptions and the Committee wanted to make sure that the
168 placement of each employee in North Ogden was done properly to match up with other cities. He stated
169 each of the Committee members took a segment of City employees and made sure they had an
170 independent placement in the TechNet database to make sure they were comparing the jobs to the proper
171 job descriptions. He stated that the Committee feels like that, even though they used the help of various
172 City employees, they verified and independently made sure they were properly classified. He asked if
173 there were any questions thus far. Seeing no questions he moved to some of the findings of the
174 Committee. He stated they found that even though they made their best effort to match employees of
175 North Ogden to information in the database, there were some that did not match up perfectly. He stated
176 many of the members of the Committee work for large companies in the private sector and they went to
177 their human resources experts and asked how to determine a match in job responsibilities when
178 conducting these types of studies. He stated that the experts said that because of the variance in how
179 people describe their jobs they have deemed that if 75 percent of the responsibilities match up, that is
180 classified as a match. He stated that was a standard practice across the board, so as the Committee
181 examined each employee's responsibilities, if 75 percent of their responsibilities matched up with the
182 responsibilities in the database, they felt they were properly classified. He stated there were six slotted
183 positions where there was not a 75 percent match. He stated the Committee has considered the respective
184 responsibilities for various jobs and brought those together in what they call a slotted position; that means
185 there was not an identical or 75 percent matching position in the TechNet system or in private sector data.
186 He stated that, in essence, they have created a new position in those cases to try to give the Council a
187 barometer of how those employees are being paid. He stated that some of those slotted positions are
188 identified as premium job positions and that means the City has some key employees that are being asked
189 to do multiple jobs compared to at least 50 percent of the cities in the database that have those jobs
190 separated. He stated losing those particular individuals may be fairly damaging to the City, so in
191 consideration of compensation for those individuals the Council may want to look at more of a retention
192 strategy. He stated the Council will surely recognize, as they develop strategies, that the same strategies
193 will not be applied across the board; that is not unusual and in business there are some key positions that
194 the organization cannot afford to lose. He then stated that as the positions were mapped to the proper
195 classifications in the database, the Committee came up with what they call a comp ratio. He provided an
196 example of what comp ratio means: if the Committee gathered data and the data indicated the average pay
197 for a City Recorder was \$50,000 and the City were paying the City Recorder \$50,000, the comp ratio for
198 that position would be 100. He stated if the City were paying the City Recorder \$40,000, the comp ratio
199 would be 80. He stated the other thing he wanted to be sure to disclose is the fact that when other cities or
200 private sector entities disclose their data, not everyone understands the job description or the question the
201 same so there is a variance in the data that is reported. He stated that on the other compensation boards he
202 sits on, there is an understanding that if there is a comp ratio between 90 and 110, that is good and the
203 employee is earning market pay. He stated the Committee frankly believes that is a wide gap so they
204 discussed that issue in depth and determined the appropriate range is a comp ratio between 95 and 105.

205 He stated that means the person is earning market or average pay for their job. He stated the other thing
206 he wanted to point out is that there may be legitimate reasons that someone may be above 105 or below
207 95 on their comp ratio; someone may be new to a job and has not got their skill level to a point where the
208 market pay would be warranted. He added the converse could be that someone has been in a position for
209 a significant period of time and the entity is willing to pay them above their range. He stated that in
210 regards to a retention strategy in today's market, the Committee believes the market is heating up a little
211 and the cost containment strategy should be looked at. He stated that if the City is operating within a
212 retention strategy and employees are being paid within the range of 95 to 105, employees will not be
213 retained. He stated a retention strategy may have a comp ratio of 105 to 120 because that would ensure
214 people would not be as likely to jump to another job. He stated that if the City were in a strategy of trying
215 to attract new employees, the comp ratio would probably need to be above 120. He stated the Council
216 may want to employ a mix of those strategies in moving forward. He then stated he would review the
217 Committee's findings; they found the City's comp ratio when compared to the cities in Peer Group A is
218 89. He reiterated Peer Group A is made up of smaller cities with a population of 10,000 to 25,000. He
219 stated that the comp ratio when compared to cities in Peer Group B drops to 84. He stated that in essence,
220 on the average, the pay in the City may be below market depending on the strategy the City employs. He
221 stated there are some employees that are above average, even above 105, and that can be seen when
222 looking at the list of employees, but generally the Committee found that the Council can surely look at
223 their constituents and say that they are not overpaying the employees. He stated, in fact, the Committee's
224 opinion from where they sit in the business world is that the Council probably has some work to put in
225 relative to how to get employees closer to market pay. He stated there are some that might be right at the
226 95 comp ratio, but some that will be near 80. He stated everything is umbrella'd by the City's ability to
227 finically take care of the situation and the Committee understands those limitations. He stated the same
228 problem exists where he works and this is not unusual to him. He stated his employer has made the
229 decision to start making adjustments for those furthest away from the comp ratio. He then stated that in
230 regards to benefits, the Committee's summary is that what has been believed in the past has generally
231 been true: the public sector has a higher amount of benefits than the private sector. He stated the First
232 West study benchmarked against 47 benefits and for 43 of those benefits, the public sector paid richer
233 benefits. He stated that has been addressed in the Committee's study. He noted that what oftentimes
234 places public entities ahead of private entities is a defined benefit, or pension plan. He stated that only 23
235 percent of private sector companies in Utah have a defined benefit plan. He stated the City does not
236 really have a lot of choice in providing that benefit, but it is generally a benefit that is greater in the public
237 sector than the private sector. He stated, conversely, the difficulty with that is that a public employee
238 cannot go to the grocery store and say that they have a defined benefit that kicks in when they are 65 and
239 use that to buy groceries. He stated that in today's environment a defined benefit plan is not as important
240 to people as it was to past generations. He noted mobility is more important so more companies are
241 moving towards a defined benefit plan. He stated health care is usually a topic of discussion; it is one of
242 the significant expenses on anyone's income statement and it is continuing to grow. He stated he knows
243 the Council was interested in information regarding health benefits and he noted the amount the City pays
244 for insurance premiums is not out of line and overall the benefits do not seem to be out of line with what
245 is generally seen in the private sector. He noted the cost is \$1,021 for an employee with a family and that
246 is very comparable to what is seen in his company. He stated he does not think the benefits are too rich in
247 regards to deductibles or prescription deductibles, but the Committee did find that the City has somewhat
248 richer benefits than the cities in the two peer groups as well as the private sector. He stated the majority
249 of companies require at least a 15 percent contribution from employees in regards to health care and that
250 percentage is continuing to accelerate and the employee is paying more because of the acceleration of
251 health care costs. He stated that benefit may or may not be as important to employees as it once was in
252 regards to trading pay for benefits. He stated that philosophy may put businesses and the City more at
253 risk. He stated health care costs are surely accelerating at a much faster pace than salaries are and he
254 thinks that will continue at a steeper curve than has been seen historically. He stated the Committee
255 would state that the City's benefits are probably in the 90th percentile when compared to the peer groups.

256 He stated that if pension is excluded from those benefits, because the City does not have control over the
257 pension, the Committee's conclusion is that does not make up for the short fall in regards to the comp
258 ratio that has been identified relative to salaries. He stated one thing the Committee wanted to point out
259 that the Council should be aware of is that any time there becomes a focus on compensation and benefits,
260 there is usually a reason for that. He stated a reason could be economics: pay remains stagnant while
261 other costs are increasing and employees are trying to figure out how to make ends meet. He stated,
262 however, that he has generally found that working conditions can create that focus. He stated how people
263 feel about their place of employment can cause them to become focused on compensation. He stated that
264 the Committee would ask if the Mayor and Council are providing a good working environment in the City
265 and if there is a situation where the Council are at odds with each other or with the Mayor and that may be
266 creating a sense of uneasiness with the employees. He stated that happens in the private sector as well
267 and employees can sense those problems with management. He stated the Committee is not saying that is
268 the case, but surely the Council should ask themselves that question. He stated the Council should ask if
269 compensation and benefits have become a bigger issue than they need to be because of how the
270 employees feel about their job security and working conditions. He stated the City probably has more
271 exposure to that kind of situation than a private entity does because politics is involved with elected
272 officials and elected officials appoint people. He reiterated that perhaps the Council should ask
273 themselves if there is something they can do to contribute to the working environment to make it better
274 for the employees. He then referenced the report created by the Committee and noted that the Council
275 will also be receiving additional data from Brett Forsberg who did a very good job of providing statistical
276 data. He stated a lot of Mr. Forsberg's data was used in the report. He stated the Committee combed the
277 data in TechNet to catch things like outliers. He stated some cities report a position as a part time
278 position and include the salary, but things like that may have been removed from the data if there was
279 adequate population data otherwise to make a decision. He stated each Committee member was assigned
280 a set number of employees to review data for in the TechNet system; for example, Kris Barker was
281 assigned the Police Department. He stated appendix one of the report lists the cities included in both peer
282 groups. He stated appendix two identifies the slotted positions and provides information as to how the
283 Committee arrived at that decision. He stated appendix three identifies each position in the City and the
284 names of the employees in those positions as well as what their specific comp ratio is. He reiterated Brett
285 Forsberg will be sending data to the Council in electronic format; he is the resident statistician and has
286 volunteered to answer any questions about the data he provides. He then stated appendix four includes a
287 list of positions that the Committee was able to identify comparisons for in the private sector. He stated
288 he was personally surprised by the fact that the private sector data is not too far off from the public sector
289 data for numerous positions. He stated the report also addresses other benefits besides the pension and
290 medical benefits, such as vacation leave and sick leave. He stated that from an outsider's perspective, it
291 looks like the City may have used vacation and sick leave as a tool over the last couple of years in the cost
292 containment situation. He stated the Committee has found the City is not embarrassed by the amount of
293 vacation and sick leave that is given and the accrual amounts are higher than those for the two peer
294 groups. He stated the Council will need to evaluate whether that is important or not important to the
295 employees. He stated he would like to conclude with some recommendations that the Committee thinks
296 the Council should consider. He stated the Committee believes the Council and the City should work
297 towards immediately establishing a written policy and procedure for administration of salary and benefits
298 in the City. He stated the team members and employees deserve to understand the Council's position in
299 regards to their strategy and the Committee could find nothing in place that outlines that currently. He
300 stated there are great employees that will administer the policy, but it is not their job to develop the policy
301 and procedures. He stated the Committee feels they followed best practices in producing the report and
302 the methodology they use is pretty common in these types of studies. He stated even though the
303 Committee put a lot of work and hours into the report, they also recognize that there is room for
304 refinement and that is why the contact information for each Committee member has been provided in the
305 report; he noted the Council is welcome to contact any of them at any time. He stated the Committee
306 feels this report creates a foundation for the City in regards to keeping this issue in the forefront moving

307 forward. He stated it will not be necessary to call a Committee like this one together every year or two
308 and the instead it will be possible to use the report as a base and that it be reviewed on a regular basis by
309 the Council. He stated it will require a strategic discussion on the Council's part; they need to decide
310 what their strategy is. He stated the Committee believes they can strongly recommend that the City, at
311 this point in time, look towards a retention strategy. He stated that the expectations of the citizens in this
312 community are pretty high and it is not always easy to meet those expectations, but the Council surely
313 wants to try to meet the expectations of those that elected them. He stated that can be accomplished by
314 having employees represent their philosophies and to do that the Council should consider a retention
315 strategy. He stated that each Department Head will be an integral part in making those decisions and it
316 may be necessary to make tough decisions regarding individual employees. He reiterated the Committee
317 recommends the Council consider a retention strategy to retain the City employees because the
318 Committee feels they are the City's greatest asset and they will represent and meet the expectations of the
319 citizens. He then stated he cannot express enough his appreciation for all of the Committee members as
320 well as Ms. Spendlove and Mr. Steele. He asked if there were any questions for him or the other
321 Committee members.
322

323 Council Member Taylor stated that Mr. Berube mentioned that Mr. Forsberg will be sending additional
324 data to the Council and he asked when the Council can expect to receive that. Mr. Forsberg stated he will
325 send it tonight. Council Member Taylor stated he is looking forward to seeing that information. Mr.
326 Berube explained the spreadsheet that Mr. Forsberg will be sending will list each city in the peer groups
327 and their pay for specific jobs. Mr. Forsberg stated his opinion is that "the devil is in the details" and he
328 thinks each job needs to be evaluated independently. He stated the spreadsheet he will be sending to the
329 Council will give them the data and the statistical basis to do it as well. Mr. Berube stated there are some
330 jobs that have a population of 18-20 and others that have four or five and those with a lesser population
331 have more room for error. He stated the data is fairly voluminous and that is one of the reasons it was left
332 out of the report. Council Member Taylor asked if the data includes information by city for the insurance
333 premiums paid. Mr. Forsberg answered no and stated it was not available to the Committee. Council
334 Member Taylor asked how that was calculated. Mr. Berube stated that the Committee was able to gain
335 access to the percentage of the premium paid by each city in the peer groups, but the cities did not list a
336 dollar amount they are paying for insurance. He stated that he used his company as a benchmark; he
337 works for a fairly large company and he knows the premium amount for an employee with a family and it
338 is pretty close to what the City is paying, though his company has a much larger population. He added
339 there are so many different health insurance options to give employees an opportunity for savings, etc.
340 He stated the Committee knew the costs and percentage of the premium paid by North Ogden, but there
341 are so many variances because some employers may not have a \$500 deductible. He stated that data is
342 very relative, but in general the Committee did not see that the benefits for City employees with regards
343 to coverage and deductibles were significantly out of line with what is seen in the private sector. Council
344 Member Taylor thanked Mr. Berube for that explanation and added that he wanted to compliment the
345 person responsible for putting the report together. He stated it is very thorough and very impressive.
346 Thayne Shaffer stated Ms. Spendlove actually assembled the report as the Committee provided
347 information to her.
348

349 Council Member Fawson stated he also wanted to compliment the Committee; the quality and caliber of
350 the people on the Committee is incredible and the detailed information in the report will give the Council
351 a great direction for the future. He stated that Mr. Berube recommended that the Council do this, or at
352 least review the report, annually. Mr. Berube stated that the Committee is basically saying that they
353 would not recommend going two or three years without reviewing or paying attention to the issue. He
354 stated some companies look at this kind of data on an annual basis while some companies do it every two
355 years. He stated that the review schedule will be up to the Council to determine, but the Committee is
356 saying that it has been quite a while since the City has had this type of information from an external
357 source and now that the base is available his recommendation is to keep it updated. Council Member

358 Fawson asked if Mr. Berube is recommending assembling a similar committee in the future. Mr. Berube
359 stated that he would not recommend that; he thinks there are competent people in the City that can review
360 the data. He stated the Council may want to call an independent source together every couple of years,
361 but he does not think he would recommend doing that every year. Mr. Forsberg stated that once the City
362 has established good metrics and a good methodology, that information can be handed over to a City
363 employee for updating. Mr. Berube reiterated his earlier point that this will take a little work on behalf of
364 the Department Heads; each job should be evaluated individually for each respective department. He
365 stated some departments have a comp ratio that is lower than others. He stated it is obvious that someone
366 in the City has made the decision to not let some employees get too far out of their pay range because the
367 City cannot afford to lose them.

368
369 Council Member Bailey stated he would echo the comments made by other Council Members thanking
370 the Committee for all the effort they have put into this; it is an incredible amount of work on all of the
371 Committee members' parts and he appreciated their willingness to serve in this capacity and help the
372 City. He stated he has a couple of questions: first, is there anything in the report that would give guidance
373 to Ms. Spendlove or other staff as to how to establish the benchmarks or maintain the methodology
374 moving forward. He asked if there is enough information to do that. Mr. Berube stated he believes the
375 City will have enough information and he directed Council Member Bailey to appendix three of the
376 report. He stated he thinks the great thing about this is that there are two employees that sat in on all of
377 the debates of the Committee and they fully understand the methodology that was used. He stated he
378 thinks there is some vested knowledge in Ms. Spendlove and Mr. Steele that the City can utilize. He
379 stated that he also believes all Committee members would be willing to answer any questions if there is
380 not adequate data to guide the City. He reiterated, however, that he believes there is adequate data,
381 especially once Mr. Forsberg's additional data is provided. He added the City also has access to TechNet
382 and Ms. Spendlove and Mr. Steele fully understand how to use that tool. Council Member Bailey stated
383 his second question is in regards to salary and benefits. He stated he was hoping there would be some
384 way to bring the two aspects of pay together. Mr. Berube stated the Committee anticipated that. Council
385 Member Bailey stated that it sounds like the Committee made a value judgment, but he wondered if there
386 are some statistics that underlie the value judgment. Mr. Berube stated that the Committee had a
387 discussion about the potential for this question to arise. He stated he took the liberty to give an example
388 regarding this issue and that is available in the report. He stated he would use medical insurance for an
389 example, which is probably the single largest benefit over which the Council has some discretion. He
390 stated the City is paying \$1,021 for the premium for an employee with a family; the City pays 90 percent
391 and the employee pays 10 percent. He stated the Committee found that is approximately \$90 higher than
392 the peer group in regards to the payment of health insurance. He stated for his example he would round
393 that amount to \$100 and explained if the City is paying \$1,200 more per year for benefits than its peer
394 group for an average salary of \$40,000, that would equal 2.5 percent in benefit value. He stated if the
395 City is not paying 90 percent, that additional amount would come out of the employee's paycheck. He
396 stated that is an economic benefit to the employees. He stated he reviewed that information and
397 determined it represents an average of 2.4 percent and, on top of that, if the private sector is paying an
398 average of 80 percent of the insurance premiums, that is about another two percent. He stated that he
399 made a rough calculation at four percent overall. He stated if there is an individual with a comp ratio of
400 89 and their benefits are four percent richer, that employee now has a comp ratio of 93. He stated health
401 care is the cost the City has the most control over. He stated his rough estimate is that the difference in
402 benefits paid for the employee amounts to benefits being approximately four percent richer than the peer
403 groups and private sector. He stated the Committee had quite a discussion on that issue and decided all
404 they could do was make their best estimate and give the Council an example of how that estimate is used.
405 He stated for an employee with an 85 comp ratio, and the City is targeting a 95 minimum comp ratio, that
406 four percent could be calculated in to say that the employee actually has a starting comp ratio of 89 so
407 they are only six points away from the target comp ratio. He stated that four percent does not compensate
408 for what the Committee deems is a shortfall in wages. Council Member Bailey stated he would assume

409 that the lower paid the employee the greater ability for the four percent to become greater. Mr. Berube
410 stated he thinks that is probably the case across the board because benefits are not based on salary. Mr.
411 Forsberg added the biggest difference between the private sector and the City is the definite benefit, or
412 pension plan. He stated that is a lot of money spent by the City that is typically not spent in the private
413 sector, but when comparing to other cities, almost all of them give a pension plan. He stated if the
414 Council is trying to retain employees and using the comparison with other cities to do that, the pension
415 plan does not become a differentiating factor. He added, however, that if the comparison is done with the
416 private sector, the pension plan would become a big differentiating factor. Mr. Berube reminded the
417 Council that all employees hired after July of 2010 are on a defined contribution plan as opposed to a
418 defined benefit plan.

419
420 Council Member Taylor referenced page 11 of the report and stated he had an additional question about
421 the medical benefits. He stated the medical premium percentage is a key statistic and was part of the
422 reason that this Committee was assembled. He stated there was a proposal to cut the amount of the
423 premium the City paid and he wanted to understand the comparisons. He asked if the data in the report is
424 a comparison of the premium paid versus the consideration that the City is in the 93rd percentile. Mr.
425 Berube stated the report communicates that the City is paying 90 percent compared to cities in Peer
426 Group A that pay 93 percent of the premium and cities in Peer Group B that pay 89 percent of the
427 premium. He stated that means the City is right in the range. Council Member Taylor stated that answers
428 his question; he wanted to make sure that the comparison was of the amount paid in North Ogden to the
429 amount paid in the cities in the peer groups. Mr. Berube stated that is the case and added that page 11
430 also explains that in the public sector employees pay at least 15 percent of their premium amount and
431 generally he would say that the City is in the 50th percentile or 100 comp ratio in regards to benefits. He
432 stated in the private sector that is probably closer to 78 or 80 percent. He stated that is 10 percent more
433 and if his calculations are right, the premiums are \$1,000 per month and the City is paying an extra \$100
434 for that. Council Member Bigler asked what the extra \$100 is for. Mr. Berube stated that, for instance, if
435 the premium in the private sector is \$1,000 the employee would be paying \$200 and the company would
436 be paying \$800. He stated that for that same premium amount in the City, the City would pay \$900 and
437 the employee would be paying \$100, for a \$100 per month difference. He stated that would equal \$1,200
438 a year. He stated that data is for an average premium for an employee with a family. He stated that in the
439 private sector the companies pay 80 percent of the premium and the City is paying 90 percent, so for the
440 \$1,000 example the City would be paying \$900 and the employee would be paying \$100 per month. He
441 stated currently that is a tax free benefit. He stated there is no doubt that of all 47 benefits identified, 45
442 of the benefits are better in the public sector than in the private sector. He stated the overall conclusion is
443 that North Ogden's benefits are a little richer than those in Peer Groups A and B, but not by much.

444
445 Council Member Bigler stated he would also like to thank the entire Committee for all their time and
446 expertise. He stated this report is exactly what the Council wanted and he thinks the Committee has done
447 a very thorough job. He stated he has also been reading the minutes of the Committee meetings and this
448 process has worked exactly how the Council hoped it would. He pointed out for those in attendance that
449 these experts are all residents of North Ogden and they have donated their time and expertise without any
450 pay and the entire community as well as the employees will benefit from that. He stated he knows most
451 of the people on the Committee and they are all very sharp. He reiterated that the process worked exactly
452 as he hoped it would. Mr. Berube stated that the Committee was able to have very open debate and
453 express their opinions and he thinks all of the members came out of the process with a little more
454 knowledge than they had going in and he hoped the report will give the Council more knowledge than
455 they had when the process began. Council Member Bigler stated he knows it will help the Council a lot
456 and he has seen that considering the entire compensation package is a balancing act. He stated the
457 question is whether the employees want more in salary or benefits, and that should all be balanced
458 together. Mr. Berube stated that will need to be part of the Council's strategy and he noted he wanted to
459 make it clear that the Committee feels that even with the benefits the employees are getting, there is a

460 shortfall in the City in regards to wages and that is just on a cost containment philosophy, which the
461 Committee feels will be very difficult to continue to employ. He stated the economy is heating up a little
462 and that is a contributing factor to turnover as well. He stated the Council has a big decision to make
463 because all of the citizens are staring them in the eye and saying they are not sure they can pay any more
464 in taxes, but he truly believes that the citizens in this community value the City and the employees. He
465 stated he is speaking for himself and he understands the importance of retaining employees that service
466 and take care of the residents. He stated that the Council has been elected to make those decisions, but
467 the Committee hopes they will be able to find a way to look at the recommendation to employ a retaining
468 strategy.

469
470 Mr. Berube then asked if any of the Committee members had anything to add. Seeing no additional
471 comments Mr. Berube thanked the Council for the opportunity to participate. He stated that it is difficult
472 to find extra hours in the day, but providing service enhances their life and he appreciated the opportunity
473 to do that.

474
475 Mayor Harris thanked Mr. Berube and stated the Council appreciates the Committee's service very much.
476 He then stated he was remiss in not recognizing Ms. Spendlove and Mr. Steele; they were not actual
477 members of the Committee, but they were the staff support for the Committee and he appreciated their
478 work as well.

479

480
481 **3. PUBLIC COMMENTS.**

482

483 Don Colvin, 966 E. 3050 N., stated he would like to rise as a citizen in the community and express
484 appreciation to this Committee; this was an outstanding presentation and an outstanding job and they are
485 to be commended. He stated he is the "old timer" in the room and he would like to take those in
486 attendance back in history. He stated he took over as Mayor in this community in 1982 – 31 years ago –
487 and he found at that time he and the City Council were training people so they could find good jobs in
488 other communities. He stated they were not retaining the City employees and they knew something had
489 to be done; they took steps to improve the climate and the benefits for the employees. He stated they
490 knew they could not do what needed to be done unless they improved the City's tax base. He stated they
491 got some help from the State when they got a better balance of sales tax that was approved by the
492 Legislature. He added they also went to work to induce Smith's and they tried to get other companies to
493 come to the City. He stated that the addition of Smith's improved the tax base of the City. He stated he
494 would like to endorse very strongly the recommendation to do something to retain the good employees in
495 this community. He stated they need to be treated fairly, appreciated, and they need to feel good about
496 their work and feel like this is where they want to be. He stated he would like to commend the
497 Committee for that endorsement. He stated he thinks that if the Council is going to solve the problem and
498 meet the needs of the residents to keep the tax base low, it is necessary to build a business friendly
499 community and bring more tax base into the community. He stated he knows that creates problems with
500 traffic and other things, but it is nice if the City can get people from other cities to come and shop here in
501 North Ogden. He stated he would like to call the Council's attention to appendix one in the report and he
502 noted North Ogden has a population of 18,000 with 56 full time employees and an annual budget of
503 \$7,839,000. He compared that to Brigham City who has a population of 18,000 with 132 full time
504 employees and a budget of \$38 million. He stated that is because they have a tax base. He then referred
505 to Payson who has a population of 18,500 with 108 employees and a \$20 million budget. He stated it is
506 possible to compare others in the report as well. He stated North Ogden does not want to become
507 Riverdale with all the traffic and other problems they have, but he wished Riverdale was included in the
508 report. Council Member Bigler stated he thought Riverdale is likely too small. Mr. Colvin stated that the
509 budget Riverdale has should let the City know that the tax base needs to be increased in order to
510 accomplish some of the things that need to be done in the community. He stated he would also like to

511 express appreciation to the Mayor and Council as well as the City employees for the great jobs they are
512 doing.

513
514

515 **4. CITY COUNCIL, MAYOR, AND STAFF COMMENTS.**

516
517 Council Member Bailey stated he has nothing additional to report, but he again thanked the Committee.

518
519 Council Member Fawson stated he has two quick comments: he knows there was a lot of turmoil or
520 perceived controversy when the Council first assembled this Committee, but he thinks Mr. Berube has
521 accurately conveyed the Council's objectives and they were to ensure that the City is being fiscally
522 responsible because they do answer to the residents, and to be sure that the Council is being fair. He
523 stated the Council values the employees. He stated he has no doubt that the Committee has accomplished
524 the two objectives and he feels confident the Council can move forward with their recommendations. He
525 stated he is excited to take a closer look at their report. He then addressed Mr. Colvin and stated the
526 Council is feverishly working on economic development and he feels that has come a long way. He
527 stated he has little doubt that the path the City is on will result in an increase in the tax base and the City
528 will be happy about it.

529
530 Council Member Bigler stated he would also reiterate what Council Member Fawson has said; that the
531 Council has been working very hard on economic development. He stated that as a community and the
532 population grows, the business sector and the tax base has to grow in proportion with that or a city can get
533 in trouble. He stated he has been working on it for three years and the entire Council is working on it
534 very hard and he thinks the Council is closer to having things happen than ever. He stated he thinks in the
535 next little while and the coming years beyond everyone will see the fruits and results of that. He stated
536 some good things are on the horizon. He again thanked the Committee for all of their excellent work.

537
538 Council Member Stoker thanked the Committee for all their hard work and stated she appreciates the
539 report as it gives her a better understanding of what is going on and a basis to help the Council be better
540 informed in their discussions. She also thanked the City employees.

541
542 Council Member Taylor asked when this item will be on a future agenda. He stated he thinks there is
543 much discussion to be had among the Council on this topic. Mayor Harris stated there is still work to be
544 done on the budget and certainly the Council will need to consider this issue very carefully in respect to
545 the budget. He stated there will be another budget retreat in the near future and this topic will be a big
546 part of that meeting. He stated that the process can not start soon enough, but it needs to be done in the
547 correct manner. He stated it will definitely be a part of the budget deliberations. Council Member Taylor
548 inquired as to the date of the next budget retreat. City Manager Chandler stated no date has been set, but
549 it will probably be some time in April. Council Member Taylor then stated he wanted to echo the thanks
550 that has been paid to the Committee. He stated this is an issue that he cares a lot about and he thinks the
551 greatest value is that an external source prepared the information. He stated the City has always done
552 salary surveys, but he thinks there is a lot of value in the work being done by an external source or
553 someone that is not an employee of the City. He stated he would endorse the recommendation that the
554 same practice be carried out periodically. He stated he thinks the data also shows the caliber of
555 management the City has. He stated Ms. Spendlove has done a lot to always have this kind of
556 comparative data available and that is seen in the fact that the numbers align. He stated another point he
557 wanted to make is that he is not surprised about how the numbers ended up. He stated he believed the
558 City's salaries are low and that shows the kind of team players the employees have been through the
559 economic downturn, the recession, and difficult budgets where there have not been opportunities to give
560 wage increases. He stated that to the employees' credit they have stayed positive throughout bad budget
561 times and rough years for the City. He stated he wanted to point that out as well and thank the employees

562 because he thinks the most important thing for a good working environment is that someone feels
563 respected. He stated he would like to say that he respects what the employees have done for the last
564 couple of years in tight times and he looks forward to making upward adjustments to retain the good
565 employees going forward.

566
567 Mr. Steele stated he wanted to echo the thanks to the Committee. He stated he has learned a lot
568 throughout the process and he feels comfortable doing something like this if he and Ms. Spendlove are
569 asked to do this in the future.

570
571 Ms. Spendlove stated it has been great working with this Committee; they have taught her some great
572 things.

573
574 Mayor Harris again echoed the thanks to the Committee. He stated he thinks the Committee expects to be
575 disbanded and he is not sure how to express that appropriately. He stated their work is finished and the
576 City appreciates it very much.

577

578

579 **5. ADJOURNMENT.**

580

581 **Council Member Fawson moved to adjourn the meeting. Council Member Stoker seconded the**
582 **motion.**

583

584 **Voting on the motion:**

585 **Council Member Bailey aye**

586 **Council Member Fawson aye**

587 **Council Member Stoker aye**

588 **Council Member Taylor aye**

589 **Council Member Bigler aye**

590 **Neal Berube aye**

591 **Brett Forsberg aye**

592 **Linda Boyer aye**

593 **Kris Barker aye**

594 **Brock Mortensen aye**

595 **Thayne Shaffer aye**

596

597 **The motion passed unanimously.**

598

599 **The meeting adjourned at 7:50 pm.**

600

601

602

603 _____
Richard G. Harris, Mayor

604

605

606

607 _____
S. Annette Spendlove, MMC

608 City Recorder

609

610

611 _____
Date Approved