

Meeting Minutes

City Council Work Session

June 21, 2021 | 4:30 p.m.
Council Chambers Conference Room
88 E. Chicago St., Chandler, AZ



Call to Order

The meeting was called to order by Mayor Kevin Hartke at 4:33 p.m.

Roll Call

Council Attendance

Mayor Kevin Hartke
Vice Mayor Mark Stewart
Councilmember OD Harris
Councilmember Terry Roe
Councilmember René Lopez
Councilmember Christine Ellis
Councilmember Orlando

Appointee Attendance

Josh Wright, Acting City Manager
Debra Stapleton, Assistant City Manager
Kelly Schwab, City Attorney
Dana DeLong, City Clerk

Staff in Attendance

Matt Burdick, Communications and Public Affairs Director
Rae Lynn Nielsen, Human Resources Director
Cori Garcia, Mayor and Council Communications Manager
Ryan Peters, Governmental Relations and Policy Manager

Discussion

1. Presentation and discussion regarding recruitment and compensation strategy for General (Non-Labor Association) Employees.

JOSHUA WRIGHT, Acting City Manager, introduced the discussion item and said this is the first time in a while there has been discussion with Council on this issue. Mr. Wright said this study has not been done since fiscal year 2006/2007. Mr. Wright said this is a conversation about general employees and this presentation is to facilitate feedback from Council and staff and then come back at a later time with recommendations.

RAE LYNN NIELSEN, Human Resources Director, presented the following presentation.

- Recruitment and Compensation Strategy for General (Non-Labor Association) Employees Public Support
- Agenda
 - Workforce Analysis
 - Challenges and Initiatives
 - Current Compensation Strategy
 - Classification and Compensation Study
 - Recommendations and Timeline
- Workforce Analysis as of June 2021
 - ASRS Retirement Eligible Employees as of March, 2021
 - Total Workforce by Retirement Group

COUNCILMEMBER ORLANDO asked if in general people are not gravitating towards the public sector.

MS. NIELSEN said they are having trouble attracting people to public service and they have not been used to competing with the private sector in the past. Ms. Nielsen said Chandler is not unique to this and COVID-19 has put a stop to some of the onsite things that could be done.

MS. NIELSEN continued the presentation.

- Current Recruitment Challenges
 - Ability to Attract and Retain Qualified Workforce
 - Private sector companies competing for same talent
 - Other cities attracting talent
 - Current Recruitment Challenges
 - Recruitment Challenges Based on COVID & Market
 - Candidate expectations have changed
 - Alternative work schedules at surrounding cities
 - Residency requirements for Department Directors
 - Hold on Positions Due to Pandemic
 - Largest vacancy rate across the City
 - Currently 103 vacancies
 - High 123/Normal average 70
 - Large Retirement-eligible Workforce

COUNCILMEMBER ORLANDO asked if other cities have the same residency requirement.

MS. NIELSEN said some cities do and some do not, it is all over the board right now, but it is definitely a discussion in each city right now.

COUNCILMEMBER ORLANDO asked when that information would be available.

MS. NIELSEN said staff would get that to Council by the end of the week.

MS. NIELSEN continued the presentation.

- # of Applicants vs # Positions Available

MAYOR HARTKE said the last time they incentivized retirement was during the Great Recession because they were looking at diminishing the work force then.

MS. NIELSEN said yes, they did not do any layoffs or furloughs but did offer retirement incentives.

MS. NIELSEN continued the presentation.

- New Hire, Separation, Recruitment & Turnover
 - 2018
 - New Hires 77
 - Separations including Retirements 157
 - Recruitments 268
 - 2019
 - New Hires 135
 - Separations including Retirements 167
 - Recruitments 275
 - 2020
 - New Hires 102
 - Separations including Retirements 135
 - Recruitments 157
 - YTD
 - New Hires 89
 - Separations including Retirements 81
 - Recruitments 161
 - Current Vacancies 103
 - Turnover
 - 2017-2018 4.4%/7.5%
 - 2018-2019 5.1%/9.8%
 - 2019-2020 6.6%/11.4%
 - 2020-YTD 5.8%/10.5%
- Exit Interview Analysis
 - Retirement
 - Opportunities to Advance
 - Pay
- Current Compensation Challenges

- Compensation strategy
- Full classification and compensation study has not been completed since FY 06-07
 - Administrative series and IT classification study was completed in FY 13/14
- Pay ranges and compensation structure need to be updated and better aligned with market and workforce
- Candidates expecting higher wages-internal equity issues
 - Retirement costs for ASRS employees: Pension value

VICE MAYOR STEWART said the retirement system is crippling for some cities and asked if some cities have moved away from retirement or if some employees can opt out. Vice Mayor Stewart asked if they will always be married to a retirement.

MS. NIELSEN said Tucson and Phoenix are in their own retirement system. Ms. Nielsen said the rate is driven by statute and there is an agreement with ASRS.

KELLY SCHWAB, City Attorney, said pulling out of the system has a big impact because those currently paying in are paying the current retirees.

COUNCILMEMBER ORLANDO asked if they are also paying social security.

MS. NIELSEN said yes, except fire.

COUNCILMEMBER ORLANDO said that is about 20% off the pay check.

MS. NIELSEN said long term those benefits would likely pay off, but people look at their take home pay.

COUNCILMEMBER ROE said there is a long list of other things that could be offered for people to work here. Councilmember Roe asked about hiring retirees part time to fill staffing assignments which pays no benefits. Councilmember Roe said a lot of people are willing to work part time and they need to offer innovative things that is not just money.

COUNCILMEMBER HARRIS said there was a way to opt out of social security and asked if that is an option for employees here.

MS. NIELSEN said it is an all or nothing for the City instead of just individuals.

COUNCILMEMBER HARRIS said the US Title 26 said there is a way to opt out of social security if they choose to put those dollars in a qualified retirement plan. Councilmember Harris confirmed as a City they cannot offer this.

MS. NIELSEN that was correct, they did not have that option.

COUNCILMEMBER ROE said they could work with a contracting agent and then people would have that option.

MS. NIELSEN said they do have a contracting agent, but they still pay into social security.

COUNCILMEMBER ORLANDO said there are laws as well about how long someone can work without providing benefits.

MS. NIELSEN continued the presentation.

- Reclassification, Market & Equity Adjustment History
 - 2018
 - Incumbent 36
 - Vacancy 25
 - Total 61
 - 2019
 - Incumbent 34
 - Vacancy 25
 - Total 59
 - 2020
 - Incumbent 18
 - Vacancy 13
 - Total 31
 - YTD: 2021
 - Incumbent 39
 - Vacancy 19
 - Total 58
- Current Recruitment Initiatives
 - Established Hiring Incentives for Police Sworn, Dispatch, and Detention Officer positions beginning July 1, 2021.
 - Enhanced marketing strategies through outreach and technology.
 - Leveraging technology to streamline recruitment and hiring processes.
 - Mobility initiatives and updated telework regulation to allow for more flexible work arrangements when appropriate.

COUNCILMEMBER HARRIS asked about NeoGov and what the technology does.

MS. NIELSEN said NeoGov is a recruitment platform that positions are posted to, applicants apply, electronic screening that are submitted to hiring managers, routing approval processes, and making offers. Ms. Nielsen said they have also sourced candidates for positions that a hiring manager can reach out to for a position that was a better fit.

COUNCILMEMBER HARRIS asked if this pulled buzz words from resumes.

MS. NIELSEN said it could be set up that way, but the City does not do that. There is a staff member who reviews the resumes and screens them. It is hard to use the filters and people could be missed. Ms. Nielsen said for certain positions there may be supplemental questions to help filter down further.

COUNCILMEMBER HARRIS asked how long resumes are in the system.

MS. NIELSEN said there is an open and closed date for position recruitment and those are kept for three years.

COUNCILMEMBER HARRIS asked how someone knows if their application was reviewed.

MS. NIELSEN said when the position is closed, there are stages where staff will get back to candidates if they are selected to move forward or not. No one should be waiting more than a couple months to hear back.

COUNCILMEMBER ROE asked about packages for retirement and if there is an interview to ask what would make them stay longer.

MS. NIELSEN said she has had those conversations with a few employees during COVID-19 and said she would be worried if these conversations were a constant.

COUNCILMEMBER ROE asked about a four-day work week.

MS. NIELSEN said it is a constant request to be closed on Fridays.

MR. WRIGHT said there are some employees that work 4/10 schedules, it is just that not everyone is off on a certain day.

COUNCILMEMBER ELLIS said she cannot imagine being closed on Friday unless there was another way to add services for them. Councilmember Ellis said it is good that people can have flexibility. Councilmember Ellis asked if there are pathways for people to advance and how to encourage them to do so.

MS. NIELSEN said they would look ahead to professional development and they are also looking for additional pathways for people to move forward. Ms. Nielsen said when they go through this study that is something they want to look at as well. There are situations where someone does not have to compete for the next level, it might just be a natural progression to move up.

COUNCILMEMBER ORLANDO asked how someone knows there is a job opening in Chandler.

MR. NIELSEN said externally there is advertising through social media, the City's website, and if it is a specialized position there may be advertising in certain publications.

MS. NIELSEN continued the presentation.

- Current Compensation Initiatives
 - Exceptional performance one-time award given to all full and part time employees who met criteria on April 15, 2021.
 - Market adjustment of 1.5% for general employees in July, 2021.
 - Merit increases of up to 3.25% in FY 21-22 for merit-eligible employees. Up to 5% for those covered under an MOU.
 - Decision package for a full classification and compensation study approved in FY 21-22.
 - Flexibility to hire up to the mid-point of the range with Director approval.
- Current Professional Development Programs
 - 5 Professional Development Programs
 - 58 Employees Participated
 - 7 Mentoring Programs
 - 554 Employees Participated
 - Additional personal and professional development courses are available; sample titles include:
 - Emotional Intelligence
 - Career Path
 - Public Speaking
 - Communication
 - IT Technical Topics
- Current Compensation Strategy
 - 4th market strategy
 - Total Cash Compensation measures include:
 - Base pay
 - City contribution to deferred compensation
 - Retirement Health Savings contribution
 - Longevity (Public Safety only)
 - Additional Retirement Health Savings contribution (Fire only)
 - Current market is 8 cities:
 - Chandler
 - Gilbert
 - Glendale
 - Mesa
 - Peoria
 - Phoenix
 - Scottsdale
 - Tempe

- Benchmark surveys completed annually

COUNCILMEMBER ORLANDO said this was brought up in 2006 and there are some private jobs like IT or maintenance jobs and there were about 35% jobs mapped. Councilmember Orlando asked if that would be done this time.

MS. NIELSEN said they would have that conversation with the vendor.

COUNCILMEMBER ORLANDO said if they do not broaden the market then they would be in the same circle competing against the cities.

MS. NIELSEN said that is something that they would look at.

COUNCILMEMBER ORLANDO asked why medical is not factored into compensation.

MS. NIELSEN said the benefits are so different they could not find a fair dollar amount to compare.

COUNCILMEMBER ORLANDO said if they are going against private companies the medical benefits could be a benefit depending on how much the private companies cost. Councilmember Orlando asked if there is a way for this to be considered.

MS. NIELSEN said when they speak to candidates, a lot of time is spent walking through the benefits. Ms. Nielsen said they do try to sell some of those things to incentivize candidates.

MS. NIELSEN continued the presentation.

- Pay Comparison Table
- Classification vs. Compensation
 - Classification Study
 - Define scope and nature of job assignments
 - Organizes jobs into formal job categories
 - Creates a classification structure
 - Revise, update, or create job descriptions
 - Recommendation system hierarchy and ensure work being performed is in alignment with each classification
 - Compensation Study
 - Determine City's pay philosophy
 - Determine appropriate market of positions
 - Survey market according to City's pay philosophy
 - Recommend market placement or changes if appropriate based on classification system
- Classification vs. Compensation Study Deliverables
 - Review and Update Current Classification System

- Benchmark positions
- Update class specifications
- Evaluation of positions or group of positions
- Analysis of Compensation System including Salaries, Policies and Pay Practices
 - Analyze current pay practices to determine if we are competitive
- Market Comparisons Best Practices
 - Where does City want to be in the market to remain competitive and attract top talent?
 - Does the current compensation methodology need to change?
 - Does our market need to change?

COUNCILMEMBER LOPEZ asked if they see some cities jump in leaps from one to another which skews the salaries in some positions.

MS. NIELSEN said she agreed. There are some positions that they see that are very different and the benefits can be very different. Ms. Nielsen said she has seen a big change in the base pay and was not sure what market they are using but it could be they are having trouble attracting employees.

MS. NIELSEN continued the presentation.

- Recommendations
 - Perform a Classification and Compensation Study as requested through the FY21-22 budget process.
 - Begin nationwide recruitment campaign.
 - Continue to look for more innovative ways to offer more flexible work environments as appropriate by position.
 - Continue to aggressively reduce the vacancy rate.
 - Continue to market jobs in a more appealing and creative way to attract talent.
 - Consider additional non-compensation strategies to attract and retain employees.
 - Continue professional development initiatives and outreach to educational partners.
 - Update personnel rules and policies to enhance recruiting timeliness.

MAYOR HARTKE asked about the charter change for employee residency and asked if these were charter changes or administrative changes.

MS. NIELSEN said the only one is the residency requirement, all of the others are in the personnel rules which are approved by Council or administrative regulations which are approved by the City Manager.

MS. NIELSEN continued the presentation.

- Timeline
 - Issue RFP for third-party to perform study August 2021

- Present contract to City Council for award Fall 2021
- Begin communication process city-wide Fall 2021 and continuous through process
- Brief City Council and receive additional direction at appropriate points in study
- Implement classification and compensation study changes Present as part of the FY 22-23 budget process

COUNCILMEMBER HARRIS said they should move forward with the study and look at our methodologies. Councilmember Harris suggested looking at what memberships the City has and what types of benefits the City is getting back from those. Councilmember Harris said this would be a great way to deep dive and recruit the best.

COUNCILMEMBER ROE asked for innovative creative ideas and said people want exciting ideas.

VICE MAYOR STEWART said he was grateful for the insight and they need to be talking about this to provide the best service to the community. Vice Mayor Stewart said the people deliver the services and if they start to falter on hiring the best people then the feeling in the community could change. Vice Mayor Stewart said he would like to see a report on the exit interviews to see what people are saying. Vice Mayor Stewart said they are in a low tax environment and would like to see if there is a way to refocus positions and money back into compensation packages.

MAYOR HARTKE said assigning value is hard because it is subjective to each person's values.

COUNCILMEMBER ORLANDO said the question is if they compete with the private sector and they need to broaden the pool. Councilmember Orlando said the bottom line that people ask is what they are going to be paid.

COUNCILMEMBER LOPEZ said the study would be helpful and they need to be competitive regionally. It would be interesting to see what the delta is between public and private. Councilmember Lopez said the younger employees have different things that incentivize them and they do not put as much weight on retirement and medical benefits. Councilmember Lopez said finding qualified candidates can be very difficult and if they are going to leave a company they have been with for awhile it has to be worth it. Councilmember Lopez said it is not an apples to apples comparison for public and private sectors. The City is very effective and efficient and they need to ensure they stay that way.

COUNCILMEMBER ELLIS said a lot of these falls on Council's shoulders and Council can talk about how it is a great City to work for. Councilmember Ellis said it is important that we attract the right talent and Council needs to know that Council can make or break a higher.

COUNCILMEMBER HARRIS said Chandler property value is high because of the market and they need to consider the cost of living compared to the pay. Some people may get paid more in a different city, but the cost of living may be different.

COUNCILMEMBER ORLANDO asked for the old compensation plan from 2006. Councilmember Orlando said he wanted to look at that plan and see what was done then.

VICE MAYOR STEWART asked when this would take place.

MAYOR HARTKE said it would fit into the next round of hiring.

VICE MAYOR STEWART said he did not want to look at this until the federal unemployment was over.

MAYOR HARTKE said this is just a study comparison to see how they compare to other cities and would not be hiring yet.

Council consensus was to move forward.

Adjourn

The meeting was adjourned at 5:49 p.m.

ATTEST: _____
City Clerk

Mayor

Approval Date of Minutes: July 12, 2021

Certification

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Work Session of the City Council of Chandler, Arizona, held on the 21st day of June 2021. I further certify that the meeting was duly called and held and that a quorum was present.

DATED this _____ day of July, 2021.

City Clerk