

Meeting Minutes

City Council Work Session

April 25, 2022 | 4:00 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 4:00 p.m.

Roll Call

Council Attendance

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

Appointee Attendance

Josh Wright, City Manager
Kelly Schwab, City Attorney
Dana DeLong, City Clerk

*Councilmember Lopez attended telephonically.

Staff in Attendance

Tadd Wille, Assistant City Manager
Dawn Lang, Deputy City Manager/CFO
Andy Bass, Deputy City Manager
Matt Burdick, Communications and Public Affairs Director
Rae Lynn Nielsen, Human Resources Director
Ryan Peters, Strategic Initiatives Director
Melissa Quillard, Mayor and Council Communications Manager

Discussion

1. Classification and Compensation Study Update for General (Non-Labor Association) Employees

MAYOR HARTKE said this was something that Council had approved last year, and the study would look at how the City compares in compensation. He called for a staff presentation.

JOSHUA WRIGHT, City Manager, introduced the discussion item and said during the budget kickoff and budget workshops, Council voiced support for continuing to invest in Team Chandler. Mr. Wright thanked Council for their support of the workplace culture. Mr. Wright said staff would be asking for Council input regarding the compensation philosophy moving forward and this would set the framework for the rest of the study.

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

- Classification and Compensation Study Update for General (NonLabor Association) Employees
- Agenda
 - Study Update
 - Current Compensation Strategy
 - Proposed Compensation Strategy
 - Recommendations and Timeline
- Classification and Compensation Study
 - Overall Study Goals
 - The overall goal is to have a new classification system that accurately reflects the job requirements and responsibilities of our employees. Additionally, we must have a classification system that is easy to understand and administer and that gives us the flexibility we need to update classifications and job duties.
 - Other Goals Includes
 - Aligning our classification system
 - Establishing job families
 - Reviewing positions that experience high turnover or recruitment challenges
 - Streamlining job description format
 - Assessing the labor market to ensure the City is competitive in its pay and benefits
 - Updating policies to reflect best practices
- Review of 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?
- Employee Communication
 - Dedicated Classification and Compensation Study page on ChanWeb. Updated by Human Resources throughout the process.
 - City Manager messages through QuickLook and city-wide email
 - Quarterly meetings with the Employee Advisory Committee to provide updates and answer questions.
 - Employee Focus Groups to be held in May or June 2022 for specific job families identified by the consultant.
- Current Recruitment Initiatives
 - Established Hiring Incentives for Police Sworn, Dispatch, and Detention Officer positions beginning July 1, 2021.
 - Leveraging technology to streamline recruitment and hiring process
 - Additional recruitment processes added to increase hiring numbers
 - Enhanced marketing strategies through outreach and technology.
 - Increased attendance at off-site hiring events. Internship partnership with CGCC.
 - Mobility initiatives and updated telework regulation to allow for more flexible work arrangements when appropriate.
 - Personnel Policy changes forthcoming to remove barriers.

COUNCILMEMBER ORLANDO asked if society is not embracing public service in general.

MS. NIELSEN said yes, a lot of the applicants do not see the benefits of the pension and they really have to sell that point. Ms. Nielsen said they are also trying to capitalize on the public service side of someone's personality as to why they would want to work in government. Ms. Nielsen said for police specifically, it is not a position people want to do because of everything happening in society right now. Ms. Nielsen said there are things they have to do differently than private industry but there is a focus on total rewards which should help them as well.

COUNCILMEMBER ORLANDO asked if they have gone to the schools to talk about public service in general and make it more of a business language.

MS. NIELSEN said they do try to focus on other things that government does other than police, fire, and garbage. Ms. Nielsen said there are so many other things that the City does that people do not associate government with.

MAYOR HARTKE said he spoke to Chandler Early Graduate Group and there was one person there who wanted to be a welder and talked about his 401k and his career plan and it was inspiring. Mayor Hartke said he was excited about promoting Chandler in ways they have not done before.

MS. NIELSEN said the focus was always getting people engaged in high school, but the focus would begin to be middle school.

MS. NIELSEN continued the presentation.

- What's Working Well/Areas of Opportunity Department Director Input
 - Strengths
 - Reclassification process and treatment
 - Good general benefits
 - Police and Fire bargaining groups treated fairly in the MOUs (outside scope of the study)
 - Responsiveness of Human Resources
 - Weaknesses
 - Employees working out of class
 - Reward for employees topped out
 - Executive benefits lag market
 - Opportunities for career growth
 - Comparator market limited in definition
 - Retention tools
 - Job matching with other organizations
 - Compression with new hires
 - Opportunities
 - Create career ladders
 - Update market
 - "Better job definition" and job matching (dual roles create match issues)
 - Conduct study in a transparent way and make substantive changes
 - Create better pay ranges/increase widths
 - Threats
 - Staffing levels
 - Employee morale due to staffing and recruitment challenges
 - Affordability of study recommendations or failure to act on study recommendations
- 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 survey completed annually
- Recommended Compensation Strategy
 - 75 Percentile Market Placement
 - Compensation measures include:
 - Base pay
 - Longevity (Public safety only)
 - Comparator market of 9 cities:
 - Chandler
 - Gilbert
 - Glendale
 - Mesa
 - Peoria
 - Scottsdale
 - Tempe
 - Avondale
 - Goodyear
 - Queen Creek
 - Remove Phoenix based on differences in retirement system, size of City, and positions not applicable for comparison.
 - Add three new cities to comparator group based on market and better comparator for City of Chandler
 - Compensation Philosophy Statement
 - Compensation levels should reflect the public sector labor market in which the City competes for talent. The value of compensation offered to City employees shall be consistent with that offered by the public sector agencies identified as comparators.

COUNCILMEMBER ORLANDO said he would be in favor of purchasing additional software to provide other benchmarks.

MS. NIELSEN continued the presentation.

- Examples of Market Change Effect
 - Consultant Comments
 - Best Practice is to identify a percentage to target pay; rank is not a common practice in the market.

- Using 75th percentile provides for a cleaner, more quantitative approach in determining pay.
- Recommendations
 - Adopt the recommended new labor market with removal of Phoenix and addition of Avondale, Goodyear, and Queen Creek as comparators.
 - Utilize percentile vs. rank to provide a more quantitative approach when determining market pay.
 - Remove deferred compensation and retirement health savings dollars from analysis. Include base pay and longevity (if applicable) only.
 - Explore alternative compensation options for topped out employees.
 - If a position is lower in the market based on the new philosophy, no pay range will be decreased as a result. The position will remain in the current pay range but will not receive additional market adjustment until such time an adjustment is needed based on market data.

MAYOR HARTKE said he understood taking Phoenix off and benefits.

VICE MAYOR ROE asked about Queen Creek and it did not seem like Chandler.

MS. NIELSEN said their market is higher than Chandler in several positions.

COUNCILMEMBER ORLANDO asked about the County.

MS. NIELSEN said the County was not recommended as it is similar to Phoenix as their positions are so different from ours and they are very spread out. Ms. Nielsen said the County also pays much lower than the municipalities.

COUNCILMEMBER LOPEZ said he was good with all the recommendations. Councilmember Lopez said Queen Creek is growing and they would be catching up soon and was in agreement with removing Phoenix. Councilmember Lopez said he wanted to look at this for a year or two and then come back and look at it again.

MAYOR HARTKE asked if there was a time to revisit this.

MS. NIELSEN said they would not look to revisit this until three years from now. They need to give it some time and the labor market is changing so quickly. Ms. Nielsen said there is value in deferred compensation and with some changes in the base pay the benefits that are offered would allow the City to rise above the competitors.

MAYOR HARTKE said he would like to see how the City is doing now that they have changed to this new system and if anything else needs to be done. They are all concerned with attraction and retention.

COUNCILMEMBER LOPEZ said he agreed and wanted to see how they are moving the needle.

VICE MAYOR ROE said it would be nice to see a comparison with Phoenix.

MS. NIELSEN said the current comparison does include Phoenix and the next comparison shows Phoenix out.

MAYOR HARTKE said it is not a big change overall but as far as hiring and retention that has not been our market.

COUNCILMEMBER STEWART said it is good to look at comparing private industry where they can. Councilmember Stewart asked what the attrition was to people leaving to private industry and what is being done to retain employees.

MS. NIELSEN said there were things such as winter break and the Tumbleweed Recreation Center. Ms. Nielsen said they are looking at all of the benefits holistically. Ms. Nielsen said they do not always capture where an employee is going as they may not say in the exit interview. Ms. Nielsen said last year compared to this year at this time indicates that the reason for people leaving for another job has gone up significantly. Year to date there have been 107 that have left for other jobs and last year there were 80 people for the whole fiscal year.

VICE MAYOR ROE asked if that was sworn or nonsworn.

MS. NIELSEN said nonsworn, there are some sworn that leave for other jobs or retire but that is not the majority. Ms. Nielsen said a lot of times people are going to another City is because it is a promotion for them. Retirement was usually a big driver, but people are leaving for other jobs or personal reasons. Ms. Nielsen said there has been a big change since COVID-19 in the workforce.

COUNCILMEMBER STEWART said he thought the retention piece is a lot different than recruitment and would like more information on that beyond just pay. Councilmember Stewart asked if there was a cultural issue due to management and how that is being resolved.

COUNCILMEMBER ELLIS said if family members work together in different departments.

MS. NIELSEN said there is a personal rule that if someone is a spouse or child that they could not report directly to that person and there are family members who work in various departments in the City.

COUNCILMEMBER ELLIS said they need to think that because direct supervision is one thing but there may be good people in the household that need a job and are able to work. Councilmember Ellis said if someone likes their job and it is going well the first people that she

would tell would be people in her immediate circle. If people cannot refer their family even though they are qualified for the jobs that is something they should look into. Councilmember Ellis said they should also look into software that staff is recommending to purchase to help with these issues.

MS. NIELSEN said they do have a new software called Pay Factor that they are implementing so they could easily look at the comparative market.

COUNCILMEMBER HARRIS said retention is one of the most critical thing that Council could invest their time in. Money is one aspect but money is not everything. Councilmember Harris said since the pandemic they have allowed a hybrid model and asked how that is working for the organization.

MS. NIELSEN said the feedback received, and every department implements things differently based on needs, the hybrid model is very successful. Ms. Nielsen said the directors have discussed having this model and if it would be sustainable moving forward. Ms. Nielsen said in many exit interviews a top reason for leaving is workload. There are a lot of demands and there are staffing issues. The work from home option is great because it widens the market as well who live farther away. Working from home also helps from a morale standpoint.

MR. WRIGHT said there are many inquires from other cities about having the workforce come back into the office post COVID-19. Mr. Wright said the City has been flexible and it has not been one extreme or the other and it has been like that since the beginning. This has saved a lot of challenges and the supervisors have been empowered to make the right decisions for each type of job.

COUNCILMEMBER HARRIS asked how that is marketed. The private sector has been dealing with it as well. Councilmember Harris asked how the City handles people calling in sick.

MS. NIELSEN said from a hiring aspect, staff discuss the availability of a flexible work arrangement when posting job advertisements. With the new marketing campaign they would really highlight what it is like to be a Chandler employee. Ms. Nielsen said as far as calling in sick it is with the discretion of the supervisor and if a parent has to take care of a sick child they may work from home that day instead of taking time off. It really varies depending on the situation and person.

COUNCILMEMBER HARRIS said sick is no longer being treated the same and wanted to ensure employees were not being treated with outdated policies and philosophies. Councilmember Harris said he wanted to ensure there was still compassion.

COUNCILMEMBER ORLANDO asked for an update on employee tuition assistance programs.

MS. NIELSEN said there is a tuition reimbursement program and have up to \$5,000 for fulltime employees and \$3,200 for parttime employees per year. Ms. Nielsen said the loan forgiveness is a federal government program. Currently, we do not allow employees to use the tuition reimbursement to pay for past loans, but it is something being discussed because there are a lot of questions on that.

COUNCILMEMBER ORLANDO asked if there was anything they could do to get students into the organization and if there were recruiting bonuses.

MS. NIELSEN said the recruiting bonus is just for police officers right now. If the employee stays for a year then the recommending employee receives \$500.

COUNCILMEMBER ORLANDO asked if there was something they could do to help with student loans.

MS. NIELSEN said they are looking at all of those other things as part of the study.

COUNCILMEMBER STEWART asked what the total cost of the consultant's recommendations.

MR. WRIGHT said there is a placeholder of \$5 million.

MS. NIELSEN said the consultants would look at market after July when the new budgets are done.

VICE MAYOR ROE said many people want to work parttime jobs but there is not as many opportunities in the City. Vice Mayor Roe said it would be nice to have these things move forward beyond a downturn.

MS. NIELSEN asked if Council was in agreement with the new comparators.

COUNCILMEMBER ORLANDO said he wanted to be sure that all the cities were not in a race to raise their pay and create a cycle.

MS. NIELSEN said all of the human resources directors are talking about next year's budget and all municipalities are facing similar issues.

COUNCILMEMBER ORLANDO asked about relocation benefits.

MS. NIELSEN said there was a policy put into place a few months ago for executive level or hard to fill positions. Ms. Nielsen said the Chief would bring forward a recommendation for relocation of officers from outside the Phoenix metro area.

COUNCILMEMBER ORLANDO said it is all of the other benefits that would keep people here.

MS. NIELSEN said people are focusing on base pay and they have to have all of these other things to sway them to choose Chandler.

MAYOR HARTKE said there was Council consensus with recommendation one while still keeping an eye on Phoenix. Mayor Hartke said at the next budget cycle he would like a report on how this is going.

COUNCILMEMBER HARRIS said he liked the percentile and liked to see how that is new and different.

MS. NIELSEN said in the labor agreements for public safety their market is in the agreement and if the new strategy is more advantageous it would be adopted.

MAYOR HARTKE said Council was in agreement to move forward with recommendation 2, 3, 4, and 5.

COUNCILMEMBER HARRIS said they did not talk about training for our employees and asked if employees receive ongoing trainings and teambuilding retreats.

MS. NIELSEN said she was proud of the organization development team in human resources. A huge compliment of things employees can utilize throughout the year and they help departments with future needs, team building, and mentoring program. Ms. Nielsen said these would also be highlighted in the recruitment marketing.

MS. NIELSEN continued the presentation.

- Next Steps
 - 2022 Classification and Compensation Study Progress
 - Phase 1
 - Study initiation and Strategy Development
 - Phase 2
 - Classification and Internal Equity
 - Phase 3
 - Job Evaluation and Job Descriptions
 - Phase 4
 - Compensation Study
 - Phase 5
 - Reports and Recommendation
 - Completion and implementation of study results targeted for year-end 2022.

COUNCILMEMBER ELLIS asked for clarification regarding the end of the year.

MS. NIELSEN said the goal is to have it complete by the end of the year and implementation in January.

Adjourn

The meeting was adjourned at 5:09 p.m.

ATTEST: *Dana R. Dilling*
City Clerk

Kevin Harthe
Mayor

Approval Date of Minutes: May 12, 2022

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 25th day of April 2022. I further certify that the meeting was duly called and held and that a quorum was present.

DATED this 12th day of May, 2022.

Dana R. Dilling
City Clerk

