

COUNCIL COMMITTEE OF THE WHOLE
April 15, 2013

The Council Committee of the Whole met on Monday, April 15, 2013 at 6:00 p.m. in the Council Chambers. The meeting was called to order by Council President Charles Clark with the following members present: Mayor Ron Shaffer, Ashley Weaver, Dale Warman, Steve Noll, Ruth Hopkins, Andrew Wang, Laura Wassmer, Brooke Morehead, David Morrison, Charles Clark, Ted Odell and David Belz. Staff Members present: Wes Jordan, Chief of Police; Keith Bredehoeft, Interim Public Works Director; Katie Logan, City Attorney; Quinn Bennion, City Administrator; Dennis Enslinger, Assistant City Administrator; Lisa Santa Maria, Finance Director; Nic Sanders, Human Resources Specialist; Danielle Dunn, Assistant to the City Administrator and Joyce Hagen Mundy, City Clerk.

COU2013-13 Consider approval of an agreement with Mercer Group, Inc. to conduct the executive search for the Public Works Director position

Quinn Bennion noted in February, City Council directed staff to hire an executive recruitment firm to assist with the selection of a new Public Works Director. The selection process was initiated with a Request for Proposal. The City received ten submittals resulting in a competitive process. The selection committee has been asked to recommend the recruitment firm, work through the recruitment process and eventually select the Public Works Director.

The committee consists of Mayor Shaffer, Laura Wassmer, Dale Warman, Ted Odell, Doug Brown (Public Works Director in Overland Park) and the City Administrator. The selection committee reviewed each response and considered the following criteria in ranking and selecting the firms:

- Ability to respond to the information requested in the RFP
- Ability to relate to Prairie Village and represent PV's needs
- Previous experience with Public Works Director searches
- Database of possible candidates / connections with Public Works Directors
- Cost of the service
- Proposed timeline
- Proposed process

The committee narrowed the responses to four firms for phone interviews. Based on the information provided and the interviews, the selection committee recommends Mercer Group, Inc. to conduct the executive search. Mercer Group, Inc. is familiar with Prairie Village and conducted the Police Chief and City Administrator searches in 2007. However, Mr. Bennion noted the search will take time. He anticipates it will be late summer before the process is completed. The funding for this search will come from the General Fund Contingency.

Brooke Morehead confirmed the base fee of \$15,000 with expenses not to exceed \$8,000. Mr. Bennion stated the expenses would include travel to Prairie Village, lodging and per diem, telephone, correspondence, advertising, researching, sourcing, reference and background investigation, data assemblage and report preparation and transmittal.

Ruth Hopkins made the following motion, which was seconded by Laura Wassmer and passed unanimously:

MOVE THE CITY COUNCIL ENTER INTO AN AGREEMENT WITH THE MERCER GROUP, INC. TO CONDUCT THE EXECUTIVE SEARCH FOR THE CITY'S PUBLIC WORKS DIRECTOR POSITION

**COUNCIL ACTION TAKEN
4/15/2013**

COU2013-14 Consider changes to City Council Policy: CP061 - Purchasing

Lisa Santa Maria reported the Finance Committee met on April 9th and discussed increasing the dollar amount on expenditures requiring purchase orders for the purchase of items from \$2,000 to \$2,500. Mrs. Santa Maria noted purchased made on Pcards save the City on processing and handling costs. The transactional or process cost, of using a traditional procure-to-pay process, often involving a purchase order, invoice and check payment is the same regardless of the dollar amount of the purchase. Estimates of the process cost with traditional processing range from \$50 to \$200, often exceeding the value of the item being purchased.

Pcards provide a means of streamlining the procure-to-pay process, allowing the City to procure goods and services in a timely manner, reduce transaction costs, track expenses, take advantage of supplier discounts, making purchasing and/or accounts payable department more efficient. Mrs. Santa Maria noted the City receives an annual rebate from UMB Bank on all purchases made on the Pcard. The 2012 rebate was \$715.69.

It is also recommended the bid requirement for a single item also be changed from \$2,000 to \$2,500 to be consistent with the Purchase Order and Pcard limits.

Ruth Hopkins made the following motion, which was seconded by Laura Wassmer and passed unanimously:

MOVE THE CITY COUNCIL APPROVE REVISIONS TO CITY COUNCIL POLICY - CP061 ENTITLED PURCHASING CHANGING THE REQUIREMENT FOR ANY SINGULAR ITEM PURCHASE FROM \$2,000 TO \$2,500.

**COUNCIL ACTION TAKEN
04/15/12**

COU2013-15 Consider change to City Council Policy: CP056 - Financial Management Policies

At the April 9th meeting of the Finance Committee, the committee also discussed increasing the capitalization threshold on items with a useful life of greater than one year from \$1,000 to \$5,000. Mrs. Santa Maria noted the Governmental Accounting, Auditing and Financial Reporting (GAAFR) guidelines recommend a minimum \$5,000 capitalization threshold. She added that changing the capitalization threshold will affect which items are considered Fixed Assets.

Charles Clark noted this eliminates having to prepare depreciation schedules yearly on small purchases and stressed that it does not eliminate inventory controls. Mrs. Santa Maria added the city auditors are comfortable with the proposed change.

Ruth Hopkins made the following motion, which was seconded by Ted Odell and passed unanimously:

MOVE THE CITY COUNCIL APPROVE REVISIONS TO COUNCIL POLICY CP056 ENTITLED FINANCIAL MANAGEMENT POLICIES CHANGING THE CAPITALIZATION THRESHOLD (FIXED ASSETS) FROM \$1,000 TO \$5,000.

**COUNCIL ACTION TAKEN
04/15/12**

Discussion regarding 2014 Budget - Overview of significant Items

Quinn Bennion stated this evening's on-going budget discussion of significant items will focus on A7 - "Comprehensive Compensation Study" and B29 - "Health Insurance Premiums". He introduced Nic Sanders, Human Resources Specialist, to present the information.

A7 Comprehensive Compensation Study

Nic Sanders began his presentation with an explanation of Salary Ranges which are required by state statutes and how they are established. The ranges provide a minimum level of compensation at which an individual can be paid for an identified position and a maximum level of compensation. The City also identifies a mid-point in the range. All employees in that job classification are paid at a level somewhere between the minimum and maximum.

Prior to 2007 the Mid America Regional Center (MARC) Salary Study was used to establish ranges. The minimum and maximum were determined based on the average of other Johnson County municipalities. If the average minimum/maximum increased, then the minimum/maximum was increased. If the average minimum/maximum decreased, the range stayed the same.

In 2006, FBD completed a comprehensive compensation and benefits study implemented in 2007. The study cost \$29,857 and took over one year to complete. It compared both compensation and benefits as well as provided a review of job

descriptions. The study provided recommendations based on survey data on salary ranges and health and welfare benefits from both municipalities and the private sector when applicable. Mr. Sanders reviewed the sources of comparison noting that in some situations national data is needed and in others regional data is satisfactory. He also noted that all cities selected to be surveyed did not choose to participate.

The FBD Study recommendations included the following:

1. Adjustment of pay ranges based on market reference points; with the initial cost of \$46,490 to “bring employees to new minimums”.
 - a. Police Officer Step System for police officers below the mid-point of the salary range at an initial cost of \$7,100 in 2007. Discontinued in 2011.
2. Increase life insurance benefit for non-commissioned employees.
3. Increase vacation benefit.
4. Offer paid military leave
5. Decrease employee family medical coverage cost paid by employer.

Mr. Sanders stated action was only taken on #1 and #4. He presented a chart reflecting the percentage increases approved by the City for the past 7 years and how these were determined and the average performance percentage increases given over those years.

Ted Odell asked how long it had been since a compensation study had been done when the FBD study was done. Mr. Sanders stated he did not know, but stated a study had likely not been done prior to the FBD study and the FBD study was the only one in the 10 years he’s been with the city. However, he stressed that staff looks at salary ranges internally on an annual basis.

Brooke asked if the salary numbers reflected benefits as well as compensation. Mr. Sanders responded they reflected only paid compensation. He noted on the average an employee receives an additional 35% of the salary in benefits. She asked if that information could be given to the Council.

Quinn Bennion noted those amounts vary greatly depending on individual choices for single or family insurance coverage, whether they participate in KPERS or in the Police Pension and other potential benefits. Mrs. Morehead stated she was interested from the tax perspective - salary, overtime, FICA, retirement, etc. and not the value of insurance.

Mr. Bennion stated the direction the staff is seeking is whether or not to include in the 2014 budget funding for a comprehensive compensation study.

Charles Clark reported when the last study was done, Council members were expecting data that would decrease personnel costs and the study came back recommending an increase in several areas. He stressed the Council cannot be certain that a study will result in the savings for the City and advised fellow council members not to support a study if they were not willing to follow all the recommendations of the study.

Laura Wassmer agreed with Mr. Clark that the Council must be prepared to follow the recommendation after having conducted the study. She is not in favor of pursuing a comprehensive compensation study.

Andrew Wang disagreed stating he felt some data was necessary on which to base compensation decisions regardless of what the study says. He does not believe the study mandates action by the Council. He views it as information on which to base decisions.

Ruth Hopkins asked why the City moved away from the MARC Study. Mr. Sanders noted the data received from the study was a year old.

Laura Wassmer strongly disagreed with Mr. Wang that if a study reveals that city employees are underpaid, she does not feel the City can do nothing.

Dale Warman feels there needs to be some basis for the established levels of compensation and asked if staff felt comfortable with the current levels of compensation.

Nic Sanders responded that the recent economy has helped employers greatly in that there are not a lot of other job opportunities available.

Chief Jordan responded that they are experiencing turnover issues in the Police Department. Since 2007, there has been a 50% turnover in police officers. However, he is not losing people over pay. He noted he is having trouble attracting qualified candidates. He stated the FBD study did was problems for staff when all the recommendations of the study were not implemented. Employees felt devalued and that failure to act continues to come up.

David Belz asked if staff felt they could take care of employees' needs without a full range study. Nic Sanders responded that staff continues to address staff needs. He noted in 2013 a new job description and salary range was added for the Codes Department. Mr. Belz noted that the actions taken over the past years were not based on nothing. They were based on a staff analysis of several different employment related indexes, cost of living index and information from neighboring municipalities. He does not see a need for a full-blown study as long as the city can make the necessary adjustments to remain competitive and fair to its employees.

Steve Noll asked if staff was comfortable with the accurateness of the information in the MARC study. Quinn Bennion responded staff is to the level of depth presented by the study. He noted MARC does their comparisons on "job title" and these are not always reflective of the work performed. For example, the job description for the city's "Building Official" in Prairie Village is not the same as "Building Officials" in other cities. A comprehensive study compares positions based on the actual job description, required skills, education, experience, etc.

Steve Noll stated it is a question of the value of the expenditure. He does not feel the expenditure required for a formal study does not result in significantly more or better information than is currently being used.

B27 Health Insurance Premiums

Nic Sanders stated the city’s current cost sharing is determined on a “Base” plan with the city paying the following percentage of premium:

- Employee - 100% city share (\$399)
- Employee + 1 - 83% city share (\$801)
- Family - 75% city share (\$1423)

The same dollar amount is paid towards other insurance plans by coverage level.

Mr. Sanders reviewed the four health insurance plans offered by the City and their respective costs:

Plan Type	City Cost Single	EE Cost Single	City Cost Employee +1	EE Cost Employee +1	City Cost Family	EE Cost Family
PPO Base Plan	399	0	801	164	1068	355
HMO Plan	399	33	801	245	1068	474
High Deductible/HAS	399	0	801	37	1068	170
Buy-Up PPO Plan	399	132	801	484	1068	826

The City pays \$4,786 annually for Employee Health Insurance Coverage; \$9,616 for Employee +1 Health Insurance Coverage and \$12,812 for Family Health Insurance Coverage.

Mr. Sanders noted that 33% of the claims filed were by non-employees under family and employee +1 coverage.

Mr. Sanders stated that under state statute, the City is required to offer health insurance coverage to retirees until age 65. Employees pay for 100% or 125% of the premium cost. He noted changing employee coverage could lead to administrative burden under the Affordable Care Act.

Staff cautioned that increasing the cost of employee coverage could create a disincentive to elect coverage and if covered employees drop below 100, providers could require individual underwriting leading to higher premiums.

Staff presented a chart providing a comparison of Johnson County cities health insurance plans offered and cost comparison. Mr. Sanders noted direct comparisons are difficult as some of these cities are self insured, the plan benefits are not the same and the plan types are general classifications. The cities of Fairway, Roeland Park and Merriam have joined a pool and have been advised to expect a 25% increase in premium costs for 2014.

Charles Clark commended Mr. Sanders on his presentation and stated he could see the number of employees on the plan dropping below 100 if employee coverage cost was increased, noting that those with employee only have the lowest claims history.

David Belz stated as a philosophy he does not see anything wrong with employees paying some portion of the premium. Quinn Bennion noted that prior to 2011 all employees were required to take city insurance. When the requirement was dropped 4 employees dropped coverage. Mr. Sanders noted that some employees receive better coverage under their spouse's health insurance plan and he felt there would be some who would drop the city's coverage if charged a portion of the premium cost.

Andrew Wang asked if consideration had been given to increase the cost for those carrying family coverage as they have the highest number of claims. Nic Sanders stated one of the recommendations of the FBD study was to increase the percentage of premium paid by the City on family coverage from 75% to 80%.

Laura Wassmer noted the projected savings would be minimal and she does not feel it merits the potential problems that could be created by lowering the percentage of premium paid by the City. David Belz agreed noting that Prairie Village currently pays the lowest percentage of premium costs for family coverage of the Johnson County cities compared.

Charles Clark stated the questions before the Committee is whether or not to include \$30,000 in the 2014 budget for a comprehensive compensation study and whether or not to reduce the amount of premium paid for employee only health insurance coverage.

Andrew Wang moved to include \$30,000 in the 2014 budget for a comprehensive compensation study. The motion was seconded by Ted Odell. The motion failed by a vote of 3 (Wang, Morrison, Odell) to 8.

Ruth Hopkins asked about joining with other cities to get a higher base number of employees. Mr. Sanders responded there are insurance pools available.

Quinn Bennion stated the city did look into joining with another city 2008-2009 that had CBIZ as their agent and Blue Cross/Blue Shield as their provider. Blue Cross/Blue Shield was not supportive and CBIZ wanted a multiple year agreement. The risks and difficulties of a pooled program were discussed.

Council President Charles Clark asked for a motion to decrease the percentage of premium covered by the City for employee only health insurance. Being no motion, staff was advised to make no changes.

Quinn Bennion noted that this issue will come before Council again when the insurance renewals are considered. Staff is projecting a 10% increase for the 2014 budget. Mr. Bennion noted, however, the City has not had an increase in premiums over the past three years.

Andrew Wang stated he would like to see a way to bring more employee awareness of costs.

Nic Sanders stated that the City has instituted programs that address this in some areas. The ___ plan was offered three years ago. If an employee chooses to smoke or use tobacco products, they pay an additional cost differential to the City. This is also the case if an employee chooses not to participate in the health risk assessment provided by the City.

Adjournment

With no further business to come before the Council Committee, Council President Charles Clark adjourned the meeting at 7:20 p.m.

Charles Clark
Council President