

**CITY OF KINGMAN
MEETING OF THE COMMON COUNCIL
Council Chambers
310 N. 4th Street**

9:00 A.M.

MINUTES

Thursday, April 23, 2015

WORK SESSION MEETING OF THE COMMON COUNCIL

Members	Officers	Visitors Signing in
Richard Anderson – Mayor	John Dougherty, City Manager	See attached list
Mark Wimpee, Sr. – Vice-Mayor	Jackie Walker, Human Resource Director	
Mark Abram	Carl Cooper, City Attorney	
Larry Carver	Jake Rhoades, Fire Chief	
Jen Miles	Greg Henry, City Engineer	
Stuart Yocum	Robert J. DeVries, Chief of Police	
Carole Young	Mike Meersman, Parks and Recreation Director	
	Diane Richards, Budget Analyst	
	Gary Jeppson, Development Services Director	
	Rob Owen, Public Works Director	
	Joe Clos, Information Services Director	
	Sydney Muhle, City Clerk	
	Keith Eaton, Assistant Fire Chief	
	Tina Moline, Finance Director	
	Kathy McCoy, City Magistrate	
	Trinna Ware, Finance Administrator	
	Erin Roper, Deputy City Clerk and Recording Secretary	

WORK SESSION

ALL WORK-SESSION ITEMS LISTED ARE FOR DISCUSSION ONLY. NO ACTION CAN OR WILL BE TAKEN. The primary purpose of work session meetings is to provide the City Council with the opportunity for in-depth discussion and study of specific subjects. Public comment is not provided for on the Agenda and may be made only as approved by consensus of the Council. In appropriate circumstances, a brief presentation may be permitted by a member of the public or another interested party on an Agenda item if invited by the Mayor or City Manager to do so. The Mayor may limit or end the time for such presentations.

**CALL TO ORDER & ROLL CALL
PLEDGE OF ALLIGENCE**

Vice-Mayor Wimpee, Sr. called the meeting to order at 8:01 A.M. and roll call was taken. All Council members were present except for Mayor Anderson and Councilmember Young, who were late. The Pledge of Allegiance was said in unison.

FY 2015-2016 Budget Work Session

City Staff will present additional information on several items requested by Council at the April 13, 2015 Budget Work Session. These items include, but may not be limited to, employee compensation, personnel pay compression, water conservation efforts, wastewater user fees, the proposed regional Veterans Court and possible additional revenue sources.

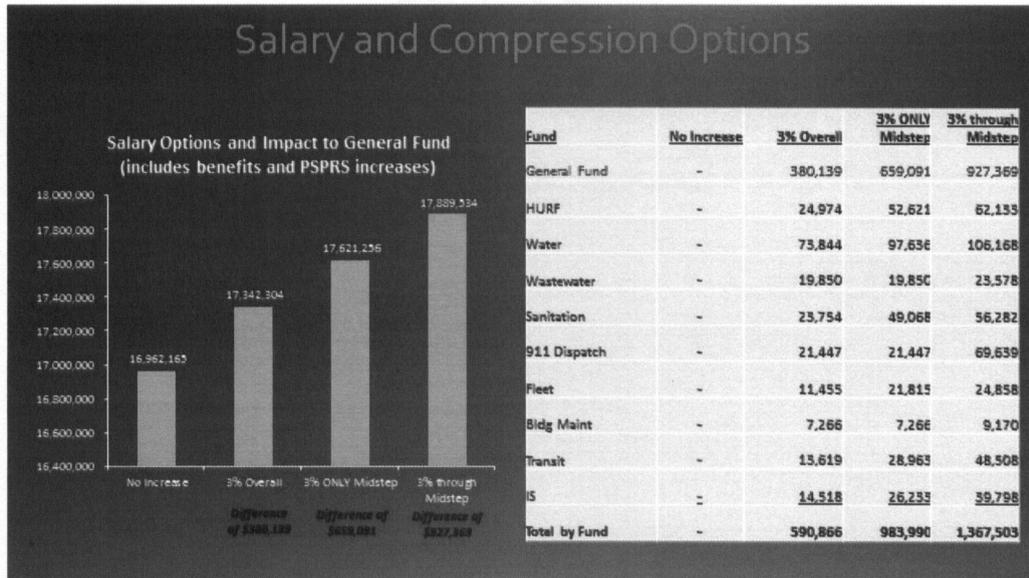
Mayor Anderson arrived at 8:03 A.M.

City Manager John Dougherty stated the Council was emailed several different items on compression related to the employee committees' findings on salary and compression. Mr. Dougherty stated the initial committee of frontline employees recommended an across the board raise. Mr. Dougherty stated a 3% raise was determined to be conservative enough to allow a second committee to address the problem of compression.

Finance Director Tina Moline stated the second committee recommended a 3% through the mid-step. Ms. Moline displayed the following slides:

Compression Option Descriptions		
Compression Option	Compression Description	Notes
3% Overall	<ul style="list-style-type: none"> 3% across-the-board increase to all FTEs (other than contract employees) 	
3% ONLY Mid-step	<ul style="list-style-type: none"> 3% across-the-board increase to all FTEs (other than contract employees) Moves employee who is below mid-step but should be at least TO mid-step - based on time in a position and assuming that for every year of service in a position the employee receives a step increase. <p>Example 1: An employee is currently at a step 2 pay grade. He has been in his position for 6 years. His mid-step pay grade is at step 5. The employee will move to step 5. Example 2: An employee is currently at a step 2 pay grade. He has been in his position for 2 years. His mid-step pay grade is at step 5. This employee will not move.</p>	*Over 70 employees will move in this option.
3% through Mid-step	<ul style="list-style-type: none"> 3% across-the-board increase to all FTEs (other than contract employees) Moves any employee who is below mid-step but should be somewhere between their current step up to mid-step - based on time in a position and assuming that for every year of service in a position the employee receives a step increase. <p>Example 1: An employee is currently at a step 2 pay grade. He has been in his position for 6 years. His mid-step pay grade is at step 5. The employee will move to step 5. Example 2: An employee is currently at a step 2 pay grade. He has been in his position for 2 years. His mid-step pay grade is at step 5. This employee will move to step 4.</p>	*Over 140 employees will move in this option.

Ms. Moline read the information on the slide and stated the majority of employees were below mid-step.



Ms. Moline read the information on the slide and stated option two was less expensive and would only move employees that belonged at the mid-step.

Councilmember Abram asked what the guidelines were for earning a step increase.

Human Resources and Risk Management (HR/RM) Director Jackie Walker stated the mid-point was where competent employees should be and employees should move at least one step per year. Ms. Walker stated the City did not have a true merit pay system and once an employee was at the mid-step increases were based on longevity.

Councilmember Miles stated the discussion should not revolve around just getting employees to the mid-point but in making adjustments to the salary scales. Councilmember Miles stated she did a comparison and in some cases the City salaries were low and others very high. Councilmember Miles stated she recommended a 2.5% raise for all non-exempt employees as most of the employees on the lower end of the scales needed a cost of living type adjustment. Councilmember Miles read her proposal in entirety, which is included at the end of this report.

Mayor Anderson asked Councilmember Miles about the comparisons she conducted for police and fire.

Councilmember Miles stated she compared the City pay scales to nationwide data and Lake Havasu City data. Councilmember Miles stated the City's mid-point was below the national average for patrol officers and police management. Councilmember Miles stated the City was below the national averages for firefighter salaries as well and the scales needed to be adjusted. Councilmember Miles stated the City needed a competent individual to examine and adjust the scales.

Ms. Walker stated the Council adopted a 50% philosophy, which was the reason the salaries were below mid-point when compared to national averages.

Councilmember Miles stated there were also some positions where the entry salaries were inappropriately high. Councilmember Miles stated someone needed to go range to range and adjust for equity. Councilmember Miles stated a blanket solution was not appropriate.

Mr. Dougherty stated he disagreed with hiring a consultant to conduct a salary scale study. Mr. Dougherty stated the City conducted numerous studies and then did not act on the information, which was wasteful as the studies were not inexpensive.

Mayor Anderson stated he did not feel comfortable excluding exempt employees from a pay raise. Mayor Anderson stated the Council should address the issues with salary scales at a later date rather than rushing to a solution.

Chief DeVries stated many exempt employees worked unpaid overtime in order to cover for staffing shortages. Chief DeVries stated 1% of any pay raise received by a public safety employee would automatically be moved into the retirement system.

Mr. Dougherty stated he received a brief salary survey in his email earlier in the week and the listed cities and towns planned to award the following salary increases: Town of Oro Valley would provide 3.5% for satisfactory and 4% for outstanding performance; City of Goodyear would provide a 3.25-3.5%; City of Tolleson would provide 3.9% overall; Buckeye would provide 1.84% cost of living adjustment and 3.16% lump sum bonus; Prescott Valley would provide a 2% cost of living adjustment, merit increases up to 3%, and 2% employer contributions to non-public safety retirements; City of Litchfield Park would provide a minimum of 2% with some employees receiving up to 5%; City of Glendale would provide 2.5%; Apache Junction was transitioning to a new salary system and some employees would stay at the same pay while others received more; Paradise Valley would provide 3.5%; Lake Havasu City would provide police officers with the rank of sergeant and below who were hired before 2007 with a 16% adjustment, officers hired between 2007-2009 with 10.7%, officers hired between 2009-2011 with 11%, and officers hired between 2011-2012 with 5%. Mr. Dougherty stated Lake Havasu would work to adjust all other employee salaries and police management to within 10% market value next year.

Councilmember Miles stated the salary survey proved that analysis needed to be done and a blanket approach would not solve the problem.

Mr. Dougherty stated there was not enough money to address all the problems, but the City needed to start somewhere.

Councilmember Miles stated the 2.5% proposal would be a start.

Councilmember Carver stated a study needed to be done, but it should be conducted by employees. Councilmember Carver stated the City also needed to look at job descriptions and use the employee's workload, not title, to compare to the national average. Councilmember Carver stated the Council needed to remember the City's market was its tax base and it had to operate within that budget. Councilmember Carver stated 3% raises should be awarded and goals for a salary study and job description review set.

Vice-Mayor Wimpee, Sr. asked where the money for the proposed solutions would come from and if it would be sustainable.

Ms. Moline stated the money would come from sales tax including the 0.5% and it would be sustainable with the current economic climate.

Mr. Dougherty stated Staff was very conservative with the recommendations. Mr. Dougherty stated excess funds from this year were put into reserve with the assumption that Council would make the sales tax

permanent. Mr. Dougherty stated he was confident the City would have the funds to sustain salaries without suffering layoffs, though fully addressing compression may not be possible.

Councilmember Abram stated the City needed to look at salary ranges. Councilmember Abram stated he would prefer a 3% raise with the remaining funds set aside for next year after the issue could be studied further.

Chief DeVries stated failing to address compression would send a negative message to employees, some of who were being actively recruited.

Councilmember Miles stated addressing compression may require large percentage adjustments like those made by Lake Havasu City. Councilmember Miles stated the money should be held until the specific problems could be addressed.

Mayor Anderson stated 3% should be applied and the compression money held until December when a Staff recommendation for correcting compression could be presented.

Councilmember Carver stated the only money currently in the budget was for the 3% raise, not both the raise and compression adjustments.

Mr. Dougherty asked how much money should be set aside and if money needed to be budgeted for an outside consultant even though he did not agree with hiring a consultant.

Councilmember Carver stated the matter should be surveyed internally through a committee.

Vice-Mayor Wimpee, Sr. stated that was already completed through the two employee committees and the 3% only mid-step option should be applied this year.

Councilmember Young arrived at 8:52 A.M.

Councilmember Miles stated the City should ask Lake Havasu City how they determined their percentages.

Chief DeVries stated the committee felt the 3% through the mid-step option was a small step towards addressing the problem.

Kingman Police Officers' Association President Brian Zach addressed the group and stated employees understood there was not enough money to fix all of the problems surrounding employee compensation. Sergeant Zach stated Lake Havasu City used Phoenix salaries as a comparison and he knew the City could not afford those wages. Sergeant Zach stated the City spent \$720,000 in the last year replacing officers who left for higher paying positions. Sergeant Zach stated he has worked to educate employees on what the City can reasonably accomplish.

Councilmember Abram stated the Council should do the 3% through the mid-step and budget additional funds for January if possible.

Mr. Dougherty stated contingency funds could be earmarked for salaries and set aside to allow the Council to work with the funds in January.

Councilmember Carver agreed with Vice-Mayor Wimpee, Sr.'s suggestion to execute the 3% only mid-step option.

Assistant Fire Chief Keith Eaton stated it was impossible to fully correct the problem of non-exempt employees making more money than exempt employees through overtime (OT). Assistant Chief Eaton stated the Fire Department acknowledged the necessity of hiring from the outside for promotions due to a lack of internal interest. Assistant Chief Eaton stated the 3% through the mid-step was a small step in the right direction; however, he agreed with Councilmember Miles that salary ranges needed to be addressed.

Vice-Mayor Wimpee, Sr. stated there were other City departments with great employees that were facing the same problems and it was not only a police and fire issue.

Councilmember Young asked how these solutions would help solve the problem of hiring officers.

Mr. Dougherty stated the issue was retaining officers. Mr. Dougherty stated officers with six or seven years of experience became frustrated when they made the same amount of pay as a rookie officer.

Chief DeVries agreed with Mr. Dougherty.

Mayor Anderson stated the Council would use the 3% only mid-step option recommended by the employee committee with a deadline of December for additional salary information.

Councilmember Abram left the meeting at 9:15 A.M.

Ms. Walker stated the Council would need to provide the employee committee direction on what comparison markets to use. Ms. Walker stated the City would need to use at least five data points in order to avoid potential employment lawsuits.

Councilmember Carver stated the committee should review job descriptions as well in order to match salaries to employees' actual workload.

Councilmember Miles stated the City needed to look at entry level salary problems, especially in areas where there was a 100% difference between a supervisor's salary and the highest subordinate's salary.

Councilmember Carver stated the committee may find that a department head was overpaid and that person's salary may have to be frozen.

Mayor Anderson stated the wastewater treatment item was next on the agenda.

Wastewater Fund Proposed FY15-16 Budget and Balances

BASED ON THE PROPOSED FY15-16 BUDGET & BALANCES	502 Fund	512 Fund	513 Fund	Wastewater Fund Total
Beginning Fund Balances	\$ 4,489,464	\$ 9,622,828	\$ 30,000	\$ 14,142,292
<i>Additions to Fund Balance</i>				
Charges for Services	\$ 8,310,000	\$ -	\$ -	\$ 8,310,000
Cash Transfers	\$ -	\$ 3,634,060	\$ -	\$ 3,634,060
Interest & Other	\$ 15,900	\$ 23,000	\$ 120,000	\$ 160,500
Total Additions	\$ 8,325,900	\$ 3,659,060	\$ 120,000	\$ 12,104,960
<i>Reductions to Fund Balance</i>				
Operating Expenses/Capital Outlay	\$ (2,354,450)	\$ (1,729,000)	\$ (150,000)	\$ (4,233,450)
Cash Transfers	\$ (4,123,479)	\$ -	\$ -	\$ (4,123,479)
Debt Payments	\$ -	\$ (3,634,060)	\$ -	\$ (3,634,060)
Contingency	\$ (500,000)	\$ (1,000,000)	\$ -	\$ (1,500,000)
Required Reserve for Repair/Replacement	\$ -	\$ (1,605,381)	\$ -	\$ (1,605,381)
Required Reserve Debt Service	\$ -	\$ (3,892,735)	\$ -	\$ (3,892,735)
Total Reductions	\$ (6,977,929)	\$ (11,861,176)	\$ (150,000)	\$ (18,989,105)
Ending Fund Balances	\$ 5,837,035	\$ 1,420,712	\$ -	\$ 7,257,747
Less: 5-Year List of Capital Improvements				\$ (5,534,000)
Net Ending Fund Balances				\$ 1,723,747

Ms. Moline displayed the above slide and stated the information was emailed to the Council. Mayor Anderson stated the information on page 223 of the preliminary budget showed the ending budget balance was the total of the budgeted funds for next year. Mayor Anderson stated he had a problem with not providing a rate decrease when there was such a large ending balance. Mayor Anderson stated the \$3 credit option would cost the City about \$400,000, which would leave an ending balance of \$5.9 million.

Councilmember Carver asked why the issue of a reduction in wastewater rates was being discussed again when the Council rejected it at the April 13, 2015 budget workshop meeting. Councilmember Carver stated he did not think \$6 million was enough funding when the City was working with a new plant that may need more money for operation costs.

Councilmember Young stated the City was anticipating the sale of the Kingman Crossing land and the money would be needed to expand facilities to that area.

Vice-Mayor Wimpee, Sr. asked if \$300,000 was enough money for expansion.

City Engineer Greg Henry stated lines for five or six blocks could be constructed with \$300,000.

Vice-Mayor Wimpee, Sr. asked if the City was considering expanding into the Butler area. Vice-Mayor Wimpee, Sr. stated the area contained older trailers on septic systems that may or may not have illegally constructed leach lines.

Mr. Henry stated the City was planning on expanding in that direction and there was a high potential for customers.

Vice-Mayor Wimpee, Sr. asked if there were grants to help people with the cost of installing the lines.

Mr. Henry stated there were Community Development Block Grants (CDBG) funds available, but Mohave County was not interested in spending their grant money on sewer lines.

Vice-Mayor Wimpee, Sr. stated the area was critical for the City even though it was located outside of City limits and \$300,000 was not very much money for expansion.

Mayor Anderson asked if the City should allot more money for expansion.

Councilmember Carver stated the issue being discussed was possible reduction in sewer rates.

Vice-Mayor Wimpee, Sr. asked how long the credit would be in effect.

Ms. Moline stated the credit would only apply to the upcoming budget year.

Vice-Mayor Wimpee, Sr. stated the City should work towards permanent reductions, not temporary ones.

Councilmember Yocum agreed with Vice-Mayor Wimpee, Sr.

Councilmember Miles stated the money should be kept for future development projects.

Mayor Anderson stated there needed to be more detailed information on expansion included in the next budget.

Vice-Mayor Wimpee, Sr. stated the City needed to look at ways to permanently reduce rates in the next budget.

Mayor Anderson stated the next topic to discuss was the Veterans Court.

Mr. Dougherty stated the current budgeted amount was \$60,000. Mr. Dougherty stated there were still concerns about transportation to Lake Havasu City for the veterans. Mr. Dougherty stated the cost could increase to \$80,000 if Mohave County did not participate.

Vice-Mayor Wimpee, Sr. stated the Council could agree on \$60,000.

Mayor Anderson stated the next topic was the fireworks.

Mr. Dougherty stated the City would be unable to do a 4th of July fireworks display; however, there was the suggestion to have fireworks at the Route 66 Festival. Mr. Dougherty stated the money would remain in the budget to allow Council to spend it at a later date.

Mayor Anderson stated the next topic on the agenda was additional sources of revenue.

Mr. Dougherty stated City fee schedules could be compared to other agencies' schedules in order to decide if the City should raise the rates of some fees. Mr. Dougherty stated this could increase revenue; however, it would not be possible to accomplish this budget year.

Councilmember Carver stated the City needed a property tax.

Councilmember Young stated the Council needed to schedule a workshop to discuss the issue of a property tax.

Mr. Dougherty stated another topic to discuss at the workshop was annexation.

Councilmember Young stated there was a lot of vacant land the City could annex for a low cost. Councilmember Young stated if the City was anticipating commercial growth it needed to have the land in order to collect sales tax.

Councilmember Carver requested the workshop be scheduled for after regular business hours.

Councilmember Young requested the workshop not be scheduled on a Monday.

Councilmember Carver made a MOTION to ADJOURN. Vice-Mayor Wimpee, Sr. SECONDED and it was APPROVED by a vote of 6-0.

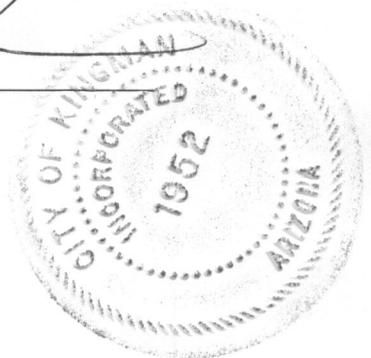
ADJOURNMENT — 9:42 A.M.

ATTEST:


Sydney Muhle
City Clerk

APPROVED:


Richard Anderson
Mayor



STATE OF ARIZONA)
COUNTY OF MOHAVE)ss:
CITY OF KINGMAN)

CERTIFICATE OF COUNCIL MINUTES

I, Erin Roper, Deputy City Clerk and Recording Secretary of the City of Kingman, Arizona, hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Work Session Meeting of the Common Council of the City of Kingman held on April 23, 2015.

Dated this 2nd day of June, 2015.


Erin Roper, Deputy City Clerk and Recording Secretary

VISITORS IN ATTENDANCE

City of Kingman

Meeting of the Common Council

Council Chambers – 310 N. 4th Street – Kingman, Arizona

Meeting Date: 4/23/15

	NAME - PLEASE PRINT	EMAIL ADDRESS AND PHONE NUMBER
1	ADAM PARROTTI	APARROTTI@CITYOFKINGMAN.GOV
2	BRIAN ZACHT	ON FILE
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

Jen Miles Proposal for Salary and Compression 2015-16

- **2.5% salary increase for non-exempt employees only**

- **No increase in salary scales for any range (this makes “midpoint” continuously rise)**

- Study done from outside source to recommend:
 - + compression adjustments to salary scales, especially in midpoint and high ends;
 - + adjustments to salary scales in which the entry level or midpoints are exceptionally high

- **Council considers alternative to “midpoint” being the goal**