LEGISLATIVE, FINANCE AND ADMINISTRATION COMMITTEE

The Legislative, Finance, and Administration Committee meeting was held on April 22, 2013, at 5:30 p.m. with Chairman Lynn presiding. Members present were Mr. Hare, Mr. Rushe, and Mr. Shevock. Mr. Anderson was absent. Members of Council present were Mr. Dixon, Mr. Perza (departed at 5:42 p.m., returned at 5:45 p.m., departed at 5:48 p.m., and returned at 5:58 p.m.), Mr. Bonar, Mrs. Williams, Mr. Hutchison, and Council President Leary. Mayor Carey was also present.

AGENDA ADDITIONS/DELETIONS

Mr. Hare moved for approval of the agenda as presented, seconded by Mr. Shevock and unanimously carried.

Emergency Replacement of Police Dispatch Center Raised Floor

Police Chief Hosfelt reviewed a request for the replacement of the Police Dispatch Center raised flooring. He advised members that the raised floor configurations are required to provide the space and ventilation needed for all the computers and associated wiring for the center. The current flooring is rated at 1000 lbs. per square foot, and during the last five (5) years, the flooring has failed at least six (6) times. In all cases the City's fleet maintenance shop personnel assisted police personnel with making temporary repairs by welding the parts back together and/or reinforcing the worn parts to make them reusable. The last failure, which occurred in early March, happened when an employee was standing on the floor as one tile collapsed. Although the employee was not hurt in this incident, the flooring needs to be replaced to prevent any future failures and ensure the safety of police personnel.

Members were advised that after the floor was fixed temporarily in March, the Police Department contacted a contractor with some experience with raised flooring installations and repairs, who stated that the flooring in the Dispatch Center was not rated highly enough to withstand the load imposed and recommended 1,250 lb. rated flooring. The costs for repair ($16,082.75) versus replacement of the flooring ($19,715.10) were fairly close and the disparity was the result of the difference in cost between the two (2) grades of the floor systems. Both options would require the temporary relocation of the Dispatch Center to KentComm and involve high costs for the logistics of moving the equipment around in the room to accommodate the project. He indicated that replacing the flooring was the only viable option since the current flooring was not designed to sustain the current loads safely.

Staff recommended approval of the flooring replacement by Cherokee Nation Construction Services.

Mr. Hare moved to recommend approval of staff's recommendation, seconded by Mr. Shevock and unanimously carried.

Emergency Replacement of Weyandt Hall Carrier Chiller Compressor

Mr. Scott Koenig, City Manager, advised members that the large chiller on the roof of Weyandt Hall, which cools most of the building, no longer worked and was in desperate need of repair. The chiller had been inspected by the City's approved Heating, Ventilation, and Air Conditioning (HVAC) Contractor, Progressive Mechanical, and three (3) proposals were presented for consideration, as follows: 1) replace the compressor on the carrier chiller with a rebuilt compressor (one (1) year warranty) at a cost of $8,925; 2) replace the compressor on the carrier chiller with a new compressor

(five (5) year warranty) at a cost of $13,600; and 3) replace the carrier chiller with a new carrier chiller (10 year warranty) at a cost of $38,500. Mr. Koenig stated that, after reviewing the proposals, staff determined Proposal #2 to be the most cost effective and recommended that the work be performed as soon as possible.

Staff recommended awarding a purchase order in the amount of $13,600, based upon proposals provided by the City's approved HVAC Contractor, Progressive Mechanical, and allowing for the usage of non-budgeted receipts from the sale of assets this year to pay for the unbudgeted emergency purchase.

Responding to Mr. Shevock, Mr. Koenig explained that EDiS was requested to inspect the building for HVAC and roofing issues. To his recollection, the replacement cost for the HVAC was estimated at more than $2M. Staff felt that the recommendation to replace the compressor would be sufficient until such time as the entire system is replaced.

In response to Mr. Perza, Mr. Koenig reminded members that during the Council Financial Workshop held on January 7, 2013, there was discussion regarding the current state of building assets owned by the City, including City Hall, 5 East Reed Street, and the old Library. He stated that the systems in these buildings are old and that these issues will be reviewed to determine whether staff will propose building replacement or major renovations. If City Hall and Weyandt Hall are not replaced, he stated that it will be necessary for the City to make major building renovations within the next three (3) to seven (7) years.

Mr. Hare moved to recommend approval of staff's recommendation to award a purchase order in the amount of $13,600 to Progressive Mechanical for the replacement of the compressor on the carrier chiller with a new compressor (five (5) year warranty) and to allow for the usage of non-budgeted receipts from the sale of assets this year to pay for the unbudgeted emergency purchase. The motion was seconded by Mr. Rushe and unanimously carried.

Proposed Ordinance #2013-07 Amending Chapter 2 - Administration, Article VI - Other Post-Employment Benefits Fund (Medicare Part B Reimbursement Eligibility Clarification

Members were reminded that during the July 27, 2009 Regular Council Meeting, members of City Council voted to support the recommendation of the Legislative, Finance and Administration Committee as it related to the topic of reimbursement to non-bargaining employees for Medicare Part B premiums. The recommendation was that current employees would remain eligible; however, new hires would not be eligible for Medicare Part B premium reimbursements.

Mr. Scott Koenig, City Manager, explained that the intent of the recommendation was to establish a defined (closed) group of eligible employees upon approval by Council. It was implied that the group of eligible employees would not be increased going forward from that point in time. In reviewing the ordinance, it appeared that employees who were hired on or before July 27, 2009 but were in union positions at the time of the Council action of July 27, 2009 (thus not entitled to the reimbursement due to union membership) would become eligible for the reimbursement if

subsequently promoted or transferred to a non-bargaining position. Employees being promoted or transferred are not new employees; therefore, based upon the recommendation that was approved by City Council, these employees would be eligible for the reimbursement.

Mr. Koenig explained that the current Police Chief and Police Major were promoted after July 27, 2009. The Chief was promoted from Captain to Major on November 21, 2009 and then to Chief on April 4, 2011. The Major was promoted from Captain to Major on April 4, 2011. At the rank of Captain they were not eligible for the reimbursement; however, they were now non-bargaining employees and, because they were not considered new hires, they were eligible for the reimbursement. Additionally, the current Records Unit Supervisor was promoted from a Police Clerk II position to the Records Unit Supervisor on April 8, 2013 and was also eligible for the reimbursement.

Mr. Koenig advised members that Proposed Ordinance #2013-07 would amend Chapter 2 - Administration, Article VI – Other Post-Employment Benefits Fund, Section 2-505 - Medicare Part B Premium Reimbursements to allow employees who were transferred or promoted to non-bargaining positions on or before the date of adoption of this ordinance to receive Medicare Part B premium reimbursements. The amendment clarifies that non-bargaining employees hired after July 27, 2009 and employees promoted or transferred to non-bargaining positions after May 28, 2013 who were not previously entitled to Medicare Part B premium reimbursement shall not be entitled to the reimbursement. In addition, he stated that amendments would remove redundant language and improve readability.

Staff recommended adoption of Ordinance #2013-07 amending Chapter 2 - Administration, Article VI - Other Post-Employment Benefits Fund, Section 2-505 - Medicare Part B Premium Reimbursements.

In response to Mr. Rushe, Mr. Koenig stated that the benefit value would equate to approximately $100 per month; therefore, he did not feel the proposed amendment would deter an employee from accepting a promotion.

Responding to Mr. Dixon, Mr. Koenig felt that those employees previously referenced were the only ones who were affected; however, if there were other employees, he assured members that the language included in the proposed ordinance would allow for them to qualify.

Mr. Hare moved to recommend approval of staff's recommendation for the adoption of Ordinance #2013-07, seconded by Mr. Shevock and unanimously carried.

Local Market Salary and Position Comparison

Mr. Scott Koenig, City Manager, indicated that during the past year, various members of City Council had inquired about the competitiveness of the various City salary scales compared to the City's peer group. The issue of compensation had been a difficult subject matter, given all of the components necessary to consider equivalent pay and benefits. Most recently, he was requested to

conduct a Local Market Salary and Position Comparison using the following governmental units as the peer group: 1) Kent County, Delaware; 2) State of Delaware; 3) City of Wilmington; 4) City of Newark; and 5) City of Milford.

Mr. Koenig advised members that if the request were approved, staff would conduct the local market salary and position comparison using the City's existing position list. If the governments to be surveyed did not have a similar position, it would be noted in final documentation. The data to be collected would be assembled and analyzed by the City Manager, the Controller/Treasurer and the Human Resources Director. It was anticipated that this effort would require approximately ninety (90) days from City Council approval.

Mr. Koenig reminded members that during the past few years, staff had checked with other local governments to determine how the City of Dover's salaries relate to those other local governments. He indicated that several members of Council had conveyed concern regarding individual salaries and have also expressed the opinion that at some point positions "top out." For example, he stated that a vehicle driver or manager will reach a point where they earn as much as they should based on the market. He noted that there are employees who have remained in their positions for many, many years, and in some cases, the salary for the position is over market and in other cases the salary is under market. In general, he felt that the City's current salary scales were within the market, as was indicated last year by the Salary and Benefits Committee. However, he felt that there was a need to routinely update the data and poll the market to assure that the City was being competitive.

Mr. Koenig informed members that if there were a need to make any adjustments, it would be the subject of collective bargaining, with the exception of the 45-50 non-bargaining employees.

Mr. Hare encouraged staff to also inquire about benefits, any "extras" offered, etc., explaining that there may be instances where the salary for a position in another jurisdiction is higher; however, they may not offer benefits that are provided by the City. He also suggested that staff check policies and procedures for extra-duty police officers, comp time, exempt positions, overtime, etc. He felt that if such a comparison were to be made, staff should cover all bases in this regard.

Mr. Hutchison noted that a comprehensive study/update was conducted a couple of years ago which would provide the foundation to work from and allow staff to simply update data.

Responding to Mrs. Williams, Mr. Koenig stated that all the data previously collected remained relevant and that staff had retained all benefit comparisons and coinciding spreadsheets. He reminded members that although the salary information for the Salary and Benefits Committee was obtained in June 2011, the Committee's report was submitted in June 2012. He concurred that some positions were difficult to compare. To his knowledge, no similar survey had been conducted by the University of Delaware; however, he assured members that staff would contact them and others to assure that a similar comparison had not recently been conducted.

In response to Mr. Dixon, Mr. Koenig stated that although there would be no costs associated with the comparison, there would be internal staff hours.

In response to Mr. Lynn, Mr. Koenig stated that the data would be used to update the study conducted by the Salary and Benefits Committee. He reminded members that the City no longer utilizes the Pay for Performance (PFP) System; therefore, if a salary increase were recommended for a non-bargaining employee, he would have to provide members of City Council data to support the request. Although he did not anticipate using the data for the FY2014 Budget, it was his opinion that it would be used for future budgets. With regard to the jurisdictions selected for the comparison, Mr. Koenig stated that those were the specific entities staff was requested to contact. It was his opinion that if the entire Consumer Price Index (CPI) region was included, there may be a need for the assistance of a third party consultant, explaining that what members of Council consider equivalent and what staff consider equivalent may not necessarily be the same. He noted that the jurisdictions selected were from the local market, rather than regional or mid-Atlantic, and were considered peers within the State that the City converses with on a regular basis.

Mr. Lynn stated his objections to the scope of the project, explaining his feeling that it duplicated what had already been done and would not provide any benefit. He felt that if it were expanded to include the CPI region, the proposal would make more sense to him.

It was Mr. Hare's opinion that a comparison of salaries for Trenton, New Jersey, or Annapolis, Maryland could not be made with the salaries for Dover, Delaware due to the tax structure, cost of living, etc. However, he reiterated the need for a review of policies and procedures.

Mr. Lynn questioned the possibility of staff reviewing the study that was conducted by the Salary and Benefits Committee and making recommendations based on that data. Responding, Mr. Koenig explained that the result would be that the salaries and benefits for the City of Dover were competitive. He reminded members that the study did not recommend wholesale changes to any salary and that the recommendations resulting from the study were to limit Medicare Part B, noting that there were also some discussions about limiting education assistance to the Master's level rather than the Doctorate Degree. He expressed his opinion that the comparison would not cause a negative effect on union negotiations.

Mr. Lynn explained his concerns, noting his belief that the Salary and Benefits Committee was the catalyst for the formation of the new labor union. He indicated that he would not want to cause an uproar or further estrange Council from City employees, noting that morale was already low among City employees, and stated that he would not want to inflame the workforce any further.

Mr. Bonar stated that he understood some of the concerns relayed by Mr. Lynn; however, he did not feel that the review would inflame, discourage, or demoralize City employees. He felt that one of Council's responsibilities was to thoroughly examine pay schedules and revenues every year. He indicated that he would prefer to have a more extensive review, such as including the CPI region; however, he understood that this could "open Pandora's box" and would require a much larger study, which would not be prudent from a financial standpoint.

In response to Mrs. Williams, Mr. Koenig stated that whenever pay and benefits are discussed, there is an effect on morale.

Responding to Mr. Lynn, Mr. Koenig further clarified that the atmosphere around the origination of the Salary and Benefit Committee created some animosity because it was perceived that the intent was to use the information to reduce salaries, benefits, etc., rather than to be used as a comparison. It was his feeling that the current proposal differed since its aim was to measure the salaries of other jurisdictions so that staff could utilize the data in the future for inclusion in collective bargaining agreements or to design total compensation packages for the City. He reminded members that the discussions in 2009 included Medicare Part B, Pay for Performance, healthcare cost sharing, etc., and in some cases had a negative effect on employees. It was his belief that the data would prove that the City of Dover provides a good salary and benefit package for its employees. He assured members that the City of Dover takes care of its employees, not just through their employment but through their retirement, and welcomed anyone wishing to debate him on this issue.

Mr. Hare moved to recommend authorizing the City Manager, Controller/Treasurer, and Human Resources Director to conduct a local Market Salary and Position Comparison as requested, and that the comparison include information regarding benefits, policies, and procedures related to such matters as extra duty for police officers, comp time, and exempt positions. The motion was seconded by Mr. Rushe and carried with three (3) yes (Hare, Rushe, and Shevock), one (1) no (Lynn), and one (1) absent (Anderson).

By unanimous consent, the meeting adjourned at 6:14 p.m.

Sean M. Lynn
Chairman

SML/TM/jg/js/mk/dd
S:\AGENDAS-MINUTES-PACKETS\Committee-Minutes\2013\04-22-2013 LF&A.wpd