



City of Goodyear

Meeting Minutes

City Council Work Session

Meeting Location:
Goodyear Justice Center
14455 W. Van Buren St.,
Suite B101
Goodyear, AZ 85338

Mayor Georgia Lord
Vice Mayor Sheri Lauritano
Councilmember Joanne Osborne
Councilmember Joe Pizzillo
Councilmember Wally Campbell
Councilmember Bill Stipp
Councilmember Sharolyn Hohman

Monday, April 10, 2017

4:30 PM

Goodyear Justice Center

Immediately following the Special Meeting that begins at 4:00 p.m.

1 CALL TO ORDER

Mayor Lord called the Work Session to order at 4:40 p.m.

2. ROLL CALL

Present 7 - Mayor Lord, Vice Mayor Lauritano, Councilmember Osborne, Councilmember Pizzillo, Councilmember Campbell, Councilmember Stipp, and Councilmember Hohman

Staff Present: City Manager Brian Dalke, City Attorney Roric Massey, and City Clerk Maureen Scott

3. AGENDA ITEMS FOR DISCUSSION:

- 3.1** [17-6048ws](#) Staff will provide the Council with an update on compensation and information from the recently completed Compensation Study.

Lyman Locket, Human Resources Director presented. He introduced Ruth Ann Eledge, Vice President with Segal Waters Consulting.

Locket reviewed the history of the salary increase comparison with our ten benchmark cities: Avondale, Buckeye, Chandler, Gilbert, Glendale, Peoria, Phoenix, Scottsdale, Surprise and Tempe. Our last compensation study was conducted in 2008, and it was very comprehensive. Immediately following this study, we experienced an economic downturn. This triggered a four-year period of minimum to no salary increases. A number of employee benefits were also suspended during this time.

Now that we have emerged from the economic downturn, our turnover rate increased to 13.14% in June 2016. It has since come down to 10.23%, but our goal is 8.5%. We do exit interviews, and retention and development interviews. The findings in the exit interviews were that the main reason employees leave is for more money. The retention and development interviews relate that people would consider leaving for better pay.

Some of the recent turnover is due to releasing low performing employees due to increased expectations in standards and performance.

The detrimental part of turnover is losing top performers. Two areas in the employee survey show that we are below our benchmark cities. Those two areas are benefits overall, and the category of resources and equipment. Most of the benefits that were suspended during the economic downturn have been restored however, we still have a little work to do.

Our initial focus during the economic downturn was the two Memorandum of Understanding agreements (MOU's), which impacted 34% of our organization. We worked toward moving our sworn public safety employees to 100% of market. Today's recommendations are focused on the non-sworn employees, and public safety command staff which are not a part of the MOU's, which is 66% of the organization.

Lyman applauded Council for adopting a compensation philosophy because that provides staff guidance on how we move forward with compensation. Our philosophy allows us the ability to attract the high quality employees we need to deliver high quality services to our citizens. Staying at 100% of market provides the opportunity to stand behind what we believe to be competitive wages. There are two pieces to this recommendation. One is the components of the Compensation Study, and the second is the annual salary increases. Both components are necessary to keep the city at market.

Ruth Ann Eledge said she was involved in the 2008 study the city conducted.

>The work steps and key deliverables was to analyze market data for approximately 43% of all active job titles (62 positions)

- *Determine the need for additional data collection and analysis

- *Review current list of comparator employers confirm sufficient sources

>Reallocate individual jobs to pay grades to realign with market data

>Recommend potential modifications to the pay structures and design

>Provide implementation costing scenarios

Market Methodology

- *Collected information on salary range minimums, midpoints, and maximums

- *Range data was adjusted based on the effective implementation date of July 1, 2017

- *Standard deviation analysis completed to remove outliers in data

- *Pay for individual job titles within 95-105% of market is considered market competitive

- *Overall goal is for each structure to be at 100% market

Summary of findings overall (Base Pay Only) - the city of Goodyear's pay ranges are lagging market average by approximately 3%.

Recommend adjustment of pay structures as follows:

- **General Exempt - Adjust exempt structure by 3% and the addition of one grade for positions needing to be re-slotted

- **General Non-Exempt - Adjust non-exempt structure by 4% and the addition of one grade for

positions needing to be re-slotted

****Public Safety** - At each command staff level, steps at the minimum should be removed to address compression and steps added at the maximum to reach market competitiveness

>Recommend market realignment of remaining 20 jobs still lagging market

>Recommend increase salaries for three General Non-Exempt employees whose pay is below entry of the new pay grade

>Adjust Public Safety Command staff salaries by an average 9.9% to address pay structure changes, pay compression, and annual increases

Projected costs for implementation for non-sworn staff: \$745,314.25

Projected costs for command staff: Police \$82,561.94; Fire \$107,819.51

Locket reviewed the historical salary increase comparisons. Staff is recommending a salary increase of 0 - 3% which will keep us in line with the market. There would be a lump sum increase for individuals who are at the top of their range. He reviewed public safety compensation that is determined by the terms of the two MOU's.

Council Discussion:

>**Will this correct the compression issue?** Eledge responded that we can never totally correct compression, but this should address it for the most part.

>**2012 was the last time we tried to fix the compression issue. It's critical that we fix the compression issue once and for all.**

>**We need to clarify that benchmark cities are really our competitors.**

>**Do we know if employees are leaving merely for more pay, or does it involve advancement opportunities?** Locket responded that advancement potential is the number three reason in retention interviews. Better job opportunities with another employer is the number two reason listed for employees during exit interviews.

>**Would like to see us look at years of service pay, as well as moving employees in pay ranges to sufficiently get them where they need to be for both equity and morale purposes.**

>**Would like to look at benefits and training to assist and retain employees. When employees quit, it costs money to retrain.**

>**Was longevity considered in the new pay structure.** Eledge replied that we looked at pay structure and didn't look at each employee pay per se. They looked more at the maximum, midpoint, and entry level pay rates to determine if we have the correct pay opportunities for each position.

>**We want to focus on ways to keep the best and the brightest employees.**

>**We want to make sure we aren't burning out our employees.**

>**Asked for a list of the benefits that the non-sworn employees gave up in the recession. Some were reinstated, but others were not.**

>**Is the approximate \$940,000 increase being implemented in the proposed budget for FY18?** Dalke responded yes. This will get us back up to market, but will not keep us there.

>**Has tuition reimbursement been increased?** Locket responded that it was increased to \$4,500 last year and another increase is not on the table at this time.

>Asked for a list of the job titles of 62 positions that were lagging in the study.

>Asked how many employees are at the maximum salary in their range. Locket responded that he would get Council that information.

>We need to be concerned about why our turnover rate is in double digits. It may or may not be related to pay.

Mayor Lord recessed the Work Session at 5:45 p.m. to conduct the Regular Meeting.

Mayor Lord reconvened the Work Session at 8:03 p.m.

Councilmember Campbell had to leave after the Regular Meeting and was not present for the remainder of the Work Session.

- 3.2 [17-5993ws](#) Staff will provide information on the Enterprise Funds-Draft FY18 Budgets and 10-Year Capital Improvement Program (CIP) projects. Requests for FY17 to FY18 carryovers will also be presented. Council discussion and feedback on the FY18 draft budget, CIP projects, and proposed carryovers will be requested and used to guide finalizing the Tentative FY18 Budget and 18-27 10-Year Capital Improvement Program.

Budget and Research Manager, Lauri Wingenroth presented.

SANITATION 5-YEAR FORECAST ASSUMPTIONS

> Revenue:

- No rate increases; 4% account growth only

> Expenses

- 4% account growth
- 5% inflationary (compensation, contract, etc.)
- Fleet and IT asset management plans

> Potential pressures or changes

- Sanitation service study recommendations
- Contained contract expires July 1, 2019
- Maintaining uncontained service levels
- \$1.2M in vehicle replacements in FYs24-26

SANITATION BASE BUDGET FY18 BASE BUDGET CONTAINER PROGRAM UPDATE

> Container program ongoing costs

- FY17 Base Budget \$ 489,000
- FY18 Base Budget \$ 402,600

** Primarily lower refuse disposal costs

> Waste Management contract \$500,000 lower

- FY16 Actuals \$5.0 Million
- FY17 Estimate \$4.5 Million

** Primarily due to container change

FY18 BASE BUDGET BEFORE SUPPLEMENTALS - \$6.4 Million

> Absorbed Waste Management contract increase of \$137,000 from FY17 Estimate

- Contract rate increases 0.3%; 4% account growth
- Underestimated container change savings due to uncertainty

> Fleet and IT asset management - \$331,000

> FY18 base budget was \$68,900 below FY17 before compensation and fleet and IT asset management requirements

SANITATION SUPPLEMENTALS

Additional bulk trash grapple tractor and temporary labor to maintain service levels during staff leave and equipment maintenance

- \$89,500 ongoing, \$90,000 one-time

SANITATION FY18 DRAFT BUDGET

Contractuals, \$5.2 , 69%

Commodities, \$0.3 , 4%

Operating Capital, \$0.4 , 5%

One-Time Supplementals, \$0.1 , 1%

Transfers Out, \$0.9 , 12%

Personnel Services, \$0.7 , 9%

TOTAL: \$7.6 Million

SANITATION REQUESTED FY17 to FY18 CARRYOVERS

\$50,000 for Sanitation Services Review consultant study

WASTEWATER RATE PLAN BASED FORECAST ASSUMPTIONS

> Revenue

- Rates and growth consistent with approved rate plan

> Expenses

- 5% inflationary (compensation, supplies, etc.)
- Fleet and IT asset management plans
- Use pay as you go operating revenues in lieu of \$7.5M in bond funds for upcoming projects

> Future demand on fund

- Full funding for Goodyear Water Reclamation Facility (GYWRF) expansion in not recovered in current 10-year impact fee plan

WASTEWATER BASE BUDGET**FY18 BASE BUDGET BEFORE SUPPLEMENTALS - \$5.1 Million**

> Absorbed \$30K new pretreatment software in FY17 rather than pursuing supplemental

> Operational changes at Goodyear Wastewater Treatment Plant (WWTP) are estimated to save \$100,000 in electricity from FY16 to FY17

> Fleet Asset and IT Management -\$210,900

WASTEWATER SUPPLEMENTALS**Ongoing**

- Senior Utility Technician - \$94,100, also \$38,700 in one-time
- Video Assessments of Sewer System- \$114,000, also \$25,000 in one-time
- SCADA (Supervisory Control And Data Acquisition) Systems Engineer - 50/50 split with Water - \$59,200, also \$19,300 in one-time
- Position to be assigned to Information Technology Department

One-time

- Environmental Compliance Consultant - \$75,000
- Sampler replacement - \$15,000

Wastewater 10-Year CIP Summary

FY18 PORTION - \$7.6 Million, 15 PROJECTS

> 10-Year Plan - \$47 Million, 22 projects

- Impact Fees - \$27.5 Million
- Wastewater Operating - \$19.5 Million

> Changes from FY17-26 CIP

- Timing changes
- Added inflation to impact fee projects
- Use operating funds instead of bonds for \$7.5 Million in projects

MAJOR PROJECTS

- 6 to 8 MGD expansion at GY WRF
- Corgett expansion
- Impact fee developer reimbursements and debt service

WASTEWATER FY18 DRAFT BUDGET

Personnel Services, \$2.2 , 12%

Contractuals, \$2.0 , 11%

Commodities, \$1.0 , 6%

Operating Capital, \$0.2 , 1%

One-Time Supplementals, \$0.2 , 1%

CIP, \$5.8 , 33%

Debt Service, \$5.2 , 29%

Transfers Out, \$1.2 , 7%

Total = \$17.8M

WASTEWATER REQUESTED FY17 to FY18 CARRYOVERS

> Operating - \$0.2M

- \$45,000 - Replacement vehicle
- \$170,000 - Interconnect Critical Wastewater sites to SCADA
- \$7,700 - IT replacements are in procurement process

> CIP - \$3.2M

- GY WRF Solids Centrifuge - \$1.2M
- LS12 RV Lift Station Rehab - \$0.5M
- RV WRF Aeration Basin Improvements - \$0.4M
- Corgett WRF Influent Pump - \$0.3M

WATER BASE BUDGET

FY18 BASE BUDGET BEFORE SUPPLEMENTALS - \$8.5M

- Fleet Asset Management -\$288,500
- Absorbed utility, chemical, credit card fees, and other inflationary and usage related increases

WATER SUPPLEMENTALS

Ongoing

- Location Specialist - \$86,400, also \$38,700 in one-time
- Superfund & WQARF (Water Quality Assurance Revolving Fund) consultant support - \$70,000
- SCADA Systems Engineer (assigned to IT Department)
- 50/50 split with Wastewater - \$59,200, also \$19,300 in one-time
- CAP Related
- ** Water purchase per rate plan - \$471,000
- ** Water shortage contingency - \$301,500

One-time

- Vadose operating costs - \$60,000
- Fixed base radio meter read system - \$50,000
- Compliance Scheduling Software - \$30,000, plus \$3,000 ongoing

Water 10-Year CIP Summary

FY18 PORTION - \$56.6 Million, 16 PROJECTS

> 10-Year Plan - \$183 Million, 19 projects

> Changes from FY17-26 CIP

- Add surface water project
- Substantial changes to remove projects not required due to surface water project
- Add potable water interconnect
- CAP Capital charges cost increase
- Timing changes based on new approaches such as consolidating projects to improve bid prices

MAJOR PROJECTS

- Surface Water - \$114.2 Million
- Wells A&B at Site 12 - \$12.7 Million
- Developer reimbursements for installed infrastructure - \$14.2 Million
- CAP capital fees (increased from prior CIP) - \$7.2 Million

WATER FY18 DRAFT BUDGET

Personnel Services, \$2.9 , 15%

Contractuals, \$2.7 , 14%

Commodities, \$1.1 , 6%

Operating Capital, \$2.4 , 13%
One-Time Supplementals, \$0.2 , 1%
CIP, \$2.7 , 14%
Debt Service, \$5.8 , 31%
Drought Contingency, \$0.3 , 2%
Transfers Out, \$0.7 , 4%
Total = \$18.8 Million

WATER REQUESTED FY17 to FY18 CARRYOVERS

> Operating - \$0.2 Million

- \$25,000 - Replacement vehicle
- \$59,100 - Technology procurements are in process
- \$35,000 - Historic Goodyear water lines replacement Community Development Block Grant (CDBG) grant matching funds
- \$103,100 - Reverse osmosis membrane replacement funds

> CIP - None

Finance Director Doug Sandstrom presented on the Surface Water Treatment Plant.

FUNDING GOALS

- No modification to current adopted rate plan
- Minimize Long-Term Impact to rate payers
- Recognition of surface water access as a citywide economic development necessity
- Allocate costs equitably between new growth and current users
- Protect city from development fluctuations

FUNDING SOURCES - \$114.2 MILLION

- Funds from Newland to be reimbursed through impact fees
 - No impact on utility rate model
- The additional \$82.2 million to be funded through:
 - Cash on hand
 - Debt
- How will we pay for this and what is the impact on our rates?

Source of Funds

Newland (Impact Fee Reimbursement) - \$32.0 Million
GO Bonding - \$7.5 Million
Central Impact Fees - \$40.5 Million
Operations - \$34.2 Million

Surface Water Treatment Plant

Sandstrom reviewed the existing rate plan:

- Assumptions
 - 3.34% customer growth
 - 3.50% volume growth
 - 3.0% - 6.0% expenditure growth

- Rate increases in every year

NEW COSTS

- Debt Service
 - \$7.5 Million General Obligation Bond
 - \$78 Million Revenue Bond
- Transportation
 - Access Charge
 - Use Charge
- Operational
 - Plant operations
 - Transfer as much as possible from groundwater to surface water

DEBT SERVICE

- General Obligation Bond - \$7.5 Million
 - 20 year debt service
 - Uses last of voter authorized water debt
 - Tax rate impact of \$0.0394 in year 1
- Revenue Bond - \$78.0 Million
 - 30 year debt service
- Impact fees
- 50% of CAP fee
- Utility rates

TRANSPORTATION - Salt River Project (SRP) AGREEMENT

- Lease Fee \$325,000 Annual
- Administrative Fee \$2,525 Annual
- Transportation Fee \$59.02 per acre foot
- Assuming 4% annual growth rate

OPERATIONS

- Surface Treatment Plant
 - Oasis Water Treatment Facility
 - Approximately 7.0 FTE employees
- Some shift of resources from groundwater
 - Cost to treat surface water is less than groundwater
- Brine removal
- Wastewater impacts have not been accounted for

SOURCES OF FUNDS

- Impact Fees
- CAP Water Charge
- GO Bond - Property Tax
- Utility Rates

IMPACT FEES

- Re-scoping of Projects within Infrastructure Improvement Plan (IIP)
- Account for potential inconsistency of collections
 - Projections at 66% of IIP projections
 - Ability to pre-pay if growth accelerates
- Southern Solutions re-scoped and addressed through Newland contribution

CAP WATER CHARGE

- Fee put in place in 2015 to cover costs associated with acquisition and recharge of surface water
- Currently used to recharge and build long term storage credits
- Use of CAP fee
 - No CAP purchase 1st two years
 - 50% of collections used for debt service
 - Draws down Long Term Storage bank by approximately 20%

GO BOND - PROPERTY TAX

- Existing \$7.5 million of voter authorization
- Average tax rate during 1st 5-years of \$0.0561
 - 5-year average annual property tax impact on \$200,000 home is \$11.22
 - As Assessed Valuation grows impact decreases

UTILITY RATES

- No Change to adopted utility rates (through 1/1/20)
- Utilized 10-year utility rate model for forecast
 - Without Surface Treatment plant estimated rate increase of approximately 2.6% annually projected
 - With Surface Treatment plant minimum additional increase of 2.6% annually projected
- Full rate study will be required to refine

SURFACE WATER COSTS

Sandstrom reviewed the Water estimated revenues and costs of service

Council Discussion:

>Concerned that there is a philosophical issue with placing the Surface Treatment Plant on the GO Bond property taxes. The Enterprise Fund policy is that they pay for themselves.

>Want to try to make sure that growth pays for growth

>This is more of an infrastructure issue. We need the water supply in order to bring more people to the area to spur development and economic development.

>This is a partnership with our developers so that we can grow our community.

>This is a quality change. This water will be better water and will benefit the community.

>Water is extremely important to the future of our city.

4. INFORMATION ITEMS

None.

5. ADJOURNMENT

There being no further business to discuss, Mayor Lord adjourned the Work Session at 8:58 p.m.

Maureen Scott, City Clerk

Georgia Lord, Mayor

Date: _____