

CITY OF BUCKEYE  
SPECIAL COUNCIL MEETING  
AUGUST 4, 2015  
MINUTES

City Council Chambers  
530 E. Monroe Ave.  
Buckeye, AZ 85326  
4:00 p.m.

**1. Call to Order/Roll Call**

Mayor Meck called the meeting to order at 4:00 p.m.

Members Present: Councilmember Garza, Councilmember Strauss, Councilmember Hess, Councilmember McAchran (via telephone), Councilmember Heustis, Vice Mayor Orsborn and Mayor Meck.

Members Absent: None.

Departments Present: City Manager Stephen Cleveland, Assistant City Manager Roger Klingler, City Attorney Shiela Schmidt, City Clerk Lucinda Aja, Assistant to Council Carol Conley, Assistant to Council Christine Grundy, Fire Chief Bob Costello, Police Chief Larry Hall, Finance Director Larry Price, Water Resources Director Dave Nigh, Development Services Director George Flores, City Engineer Scott Zipprich, Public Works Director Scott Lowe, Human Resources Director Nancy Love, Community Services Director Cheryl Sedig, Economic Development Director Len Becker, Information Technology Director Greg Platacz and Government Relations Manager George Diaz.

**2. Action Approve Implementation of Updated City Employee Classification and Compensation Plan; Authorize the use of General Fund Contingency Funds; Provide Direction to Staff to Revise the Personnel Rules and Policy Manual  
Staff Liaison: Nancy Love, Human Resources Director  
District No. All**

Ms. Love opened the presentation and provided a brief overview of the compensation and classification study performed by Gallagher & Co. (“Gallagher”). Council previously directed staff to present an updated pay structure that is at 50 percent of the market. Information was provided to Council at a Workshop held June 23, 2015 that addressed additional questions and concerns. During the Workshop, Gallagher recommended an updated pay structure and provided potential implementation strategies. Staff provided financial information related to the new pay structure and salary restoration. Compensation philosophy and a plan to address pay increases moving forward were discussed. Based on Gallagher’s study, current City of Buckeye minimum ranges lag the market while maximum ranges lead the market. The cost to implement wage adjustments and place each employee at their appropriate rate based on years of service in current position is approximately \$2.5 million within the *proposed* pay structure and approximately \$2.2 million within the *current* pay structure. The year-for-year implementation approach addresses the issue of compression and eliminates the step structure for all but police and fire personnel. At the conclusion of the June 23, 2015 Workshop, staff was directed to bring before Council an item for action that included implementation of the Gallagher proposed pay structure, placement of all employees into the new structure based on years of service in current position on a year-for-year basis, along with a

plan for employees that would not receive a wage increase. Mr. Price discussed financial implications with implementation of the updated pay structure. The Fiscal Year (FY) 2015-2016 adopted budget was reviewed; fund balances, revenues, and expenditures were addressed. Projected General Fund sources and uses were listed and described. The General Fund Contingency Fund balance will be equal to 22.01 percent of operating expenditures with approval of the proposed year-for-year implementation approach and updated classification and compensation plan; it is the policy of Council to maintain 25 percent of operating expenditures in the reserve/contingency fund. Council policy also states non-recurring revenues are not spent on operations; the practice has been that \$3.6 million of non-recurring revenues support operation expenditures. In FY 2011-2012, based on the 2010 Census and an increase in State Shared Revenues (SSR), employee wages were restored. Clarification was provided regarding construction sales tax and rental sales tax. Mr. Price stated approximately \$600,000 was approved to be utilized from contingency funds for the City's portion of a project related to Jackrabbit Trail and \$100,000 was placed in the Police Department's operating budget for execution of a body camera program. Ms. Love clarified the amount of \$2.5 million for wage adjustments is an estimate; the money will be transferred from contingency and enterprise funds (approximately 80 percent will come from general fund reserves). Anticipated revenue from new development, including the Jones Ford dealership, was discussed. A proposed one-time bonus of \$1,200 for approximately 157 employees that will not receive a wage increase and 11 employees whose increase will be less than \$1,200 was discussed; the approximate amount of the one-time bonus is \$240,000 and is in addition to the \$2.5 million proposed for wage increases. Mr. Cleveland provided information related to anticipated additional revenues from SSR based on the 2015 special census. Mayor discussed the importance of financial sustainability and ensuring appropriate funds are kept in reserves. Mr. Becker provided clarification regarding the agreement with Jones Ford for reimbursement of fees and stated there is potential for placement of additional dealerships near the Jones Ford site. Ms. Love presented the proposed pay structure; the proposal eliminates steps for non-public safety employees and makes entry-level pay more competitive. Approximately \$2.3 million will be utilized from general fund contingency funds and approximately \$160,000 will be utilized from enterprise funds. Information was provided regarding sick and vacation time cash-out; the total amount paid out in July 2015 was \$310,539.83. General discussion was held regarding comparator market ranges and steps and current rate of pay based on years of service in position. Lori Messer with Gallagher clarified the compensation study addressed actual salary ranges, and did not take into consideration what step employees were at based on years of service. Ms. Love explained that Gallagher was hired to perform a study to determine whether or not salary ranges are competitive in the market at the 50 percentile; based on the study, the proposed ranges reflect the market and actual average salaries. Salary restoration was not addressed by the study, that issue is addressed during implementation of the updated plan. The proposal before Council is to place employees within the *updated* salary range based on years of service. The issue of compression was addressed.

A motion was made by Vice Mayor Orsborn to fund the increase at half the amount proposed based on years of service, authorize the use of General Fund Contingency funds, implement the updated pay structure, and further evaluate and discuss the compensation and classification philosophy. Ms. Messer stated further analysis would be needed to determine if the compression issue would be corrected with implementation at half the rate proposed. Ms. Love stated the cost to implement at half the rate proposed is approximately \$1.3 million. An amended motion was made by Vice Mayor Orsborn and seconded by Mayor Meck to approve increases in pay based on half the step increases proposed, implementing the updated classification and compensation plan, and authorize the use of General Fund Contingency Funds retroactive to July 1, 2015. Councilmember Garza, Councilmember Strauss, Councilmember Hess, Councilmember McAchran, and Councilmember Heustis voted nay. Vice Mayor Orsborn and Mayor Meck voted aye. Motion failed.

A motion was made by Councilmember Heustis and seconded by Mayor Meck to amend the pay policy to state pay increases would be awarded annually based on the City's financial position; exempt and non-exempt position grades will have a minimum and maximum range; other than promotions to existing positions, all pay increases for any employee must come before Council for approval; years of employment will no longer directly relate to a dollar amount for any employee; a one-time compression compensation alignment shall be addressed by placing all employees into their adjusted steps based on year-for-year of service in their current position as of June 30, 2015 within the *current* pay structure and then each employee would then be placed into the *updated* pay structure at that rate of pay, to include applicable taxes and retirement; vacant positions will be added to the total cost of implementation; a one-time payment equal to \$1,200 will be given to each employee that would receive less than \$1,200 with implementation of the proposed pay structure; pay grades will be reduced from 52 to 30; class titles will be reduced from 168 to 83; pay range widths will be narrowed from the current 65 percent to between 40 and 63 percent; all with an effective date of December 20, 2015. Councilmember Heustis stated the step-system is not sustainable and clarified that the step-system would be eliminated for *all* employees including police and fire. Chief Costello provided information regarding the step-system and how it relates to public safety employees. Chief Hall provided information related to the step-system currently used in public safety. Ms. Love stated the Fire Department hires new employees at step one of the current range; employees in other departments may be hired at a higher step based on experience. An amendment to the motion was made by Councilmember Heustis to retain the step-structure, adjust wages based on the *current* pay structure and years of service, place employees into the *updated* pay structure at that rate of pay, and continue to a later date further discussion regarding elimination of the step-system. General discussion was held regarding wage adjustments. Based on the discussion, an amended motion was made by Councilmember Heustis and seconded by Mayor Meck to amend wages annually based on the financial position of the City; exempt and non-exempt positions will each have a pay grade with a minimum and maximum rate of pay; other than promotions, all increases in pay will be approved by Council; a one-time compensation compression alignment shall be addressed by placing all employees into their adjusted steps based on years of service in current position as of June 30, 2015; each employee that will not receive a pay increase, or whose pay increase is less than \$1,200, will receive a one-time payment equal to \$1,200; and the updated pay structure as proposed by Gallagher will be implemented. Ms. Love clarified the motion proposed by staff included implementation of the updated pay structure along with wage adjustments within that updated pay structure based on years of service in current position. Ms. Love stated the police and fire step-structure can be amended as necessary, but that compression may continue to be an issue if the step-structure is not adjusted to reflect the market. An amendment to the motion was made by Councilmember Heustis and seconded by Mayor Meck to place all employees at the appropriate step within the current step-structure based on years of service as of June 30, 2015, with an effective date of December 30, 2015. Councilmember Garza, Councilmember Strauss, Councilmember Hess, Councilmember McAchran and Vice Mayor Orsborn voted nay. Councilmember Heustis and Mayor Meck voted aye. Motion failed.

A motion was made by Councilmember McAchran and seconded by Mayor Meck to approve the proposal as presented by staff and recommended by Gallagher, to include implementing the updated pay structure as soon as possible. Councilmember McAchran clarified his motion includes approval of the cost of the wage adjustments in the approximate amount of \$2.5 million from the General Fund Contingency Fund and Enterprise Funds. Ms. Love stated her understanding of the direction provided by Council at the June 23, 2015 Workshop was to implement the updated pay structure, adjust wages based on the updated pay structure and years of service in current position, with a total cost of approximately \$2.5 million from the General Fund and Enterprise Funds. When asked to clarify, Councilmember McAchran stated his motion includes implementation of the updated classification and compensation plan, authorization to use General Fund Contingency Funds and Enterprise Funds to place employees into the new structure at a cost of approximately \$2.5 million, to provide a one-time payment equal to \$1,200 for each employee that will receive less than a \$1,200 pay increase at a cost of approximately \$240,000, retroactive to July 1,

2015, and direct staff to bring back a Resolution memorializing the classification and compensation structure and a revision to the Personnel Rules and Policy Manual. Councilmember Garza, Councilmember Hess, Councilmember McAchran, and Councilmember Heustis voted aye. Councilmember Strauss, Vice Mayor Orsborn, and Mayor Meck vote nay. Motion carried.

**3. Adjournment**

A motion was made by Councilmember Heustis and seconded by Councilmember Hess to adjourn the meeting at 7:16 p.m. Motion passed unanimously.

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Jackie A. Meck, Mayor

ATTEST:

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Lucinda J. Aja, City Clerk

I hereby certify that the foregoing minutes are a true and correct copy of the Special Council Meeting held on the 4<sup>th</sup> day of August, 2015. I further certify that a quorum was present.

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Lucinda J. Aja, City Clerk