

MINUTES
Troutdale City Council – Work Session
Troutdale City Hall – Council Chambers
104 SE Kibling Avenue
Troutdale, OR 97060-2099

Tuesday, April 12, 2005

1. ROLL CALL

Mayor Thalhofer called the meeting to order at 9:41pm.

PRESENT: Mayor Thalhofer, Councilor Gorsek, Councilor Ripma, Councilor Thomas; Councilor Canfield, Councilor Kyle, and Councilor Daoust.

ABSENT: None.

STAFF: John Anderson, City Administrator; Travis Hultin, Chief Engineer; Rich Faith, Community Development Director; Marnie Allen, City Attorney; Debbie Stickney, City Recorder; Kathy Leader, Finance Director; and Kandace Bell, Contract HR Manager.

GUESTS: None.

2. DISCUSSION: A Discussion regarding watering the hanging flower pots in downtown.

John Anderson, City Administrator stated this issue was resolved at the April 5th Budget Committee meeting where direction was given to staff to include funding in the adopted budget for 2005-06 to provide for watering of the hanging flower pots in downtown. Clyde Keebaugh, Parks and Facilities Supervisor will be working with the Downtown Business Group to coordinate the start date for watering the hanging flower pots. Staff has reviewed this year's budget and will be able to accommodate the 4 to 6 weeks of watering that may be needed this fiscal year.

Councilor Daoust asked who is purchasing the plants?

Councilor Thomas replied the downtown merchants.

3. DISCUSSION: A Discussion regarding non-represented employees pay policies/philosophy.

Mayor Thalhofer stated over the years when the AFSCME folks bargained for more pay and received a raise, the non-represented employees would automatically get the same raise. The problem that I have with that is the AFSCME people pay union dues, about \$40 a month to get the benefit of the agreement. The non-represented employees, who don't pay union dues, automatically get the same percentage of increases or benefits that the union

employees get. I thought it would be good to look into the history of how that came about and discuss it.

John Anderson stated Kandace Bell, who is the HR Specialist from Gresham who we are contracting with in the interim did most of the homework in collecting this information and she would like to make a brief presentation.

Kandace Bell stated John Anderson asked me to provide some background information regarding how the non-represented pay practices have been handled. The pay practice started in 1995 whereby upon ratification of the first AFSCME contract the practice was put in place that what was negotiated in the collective bargaining agreement would also be passed on to the non-represented employees. To see what was being done around the region with other cities I did a brief survey asking how other entities handle their non-represented employees cost of living increases (COLAS). I sent the survey to five small cities, five medium cities and five large cities. Of the fifteen, eleven responded. Nine of those entities have the same practice as the City of Troutdale, which is to just follow what has been negotiated in the contract. The two exceptions are Forest Grove, which is a heavily used comparable for the City of Troutdale in a number of different areas. The other exception is the city of Gresham. Gresham is unique in that they have a four-tier process where they use a point factor system in determining compensation for non-represented employees. One of the benefits that Gresham has that Troutdale doesn't is a larger HR staff. Part of Gresham's non-represented compensation philosophy is to do a market study on a regular basis to determine the pay that is in the market for the positions that the city has in common with our comparables.

Councilor Ripma asked with Forest Grove or Gresham is it possible that the formula sometimes results in the non-represented employees receiving more compensation than the represented employees?

Kandace Bell replied yes.

Councilor Ripma asked do they usually receive more?

Kandace Bell replied no. It does not typically work out that way.

Mayor Thalhoffer stated several years ago some of the department heads and maybe some non-represented employees received substantial increases in their salaries. I can't remember what year that was, Pattie Hollamon was the HR Manager and she was one of them that received a substantial salary increase, among others. Was that part of the overall compensation plan?

John Anderson stated that might be shown in Exhibit E in your packet. Periodically individual positions, either within a bargaining unit like AFSCME or in the non-represented group, get out of alignment with the comparable. AFSCME employees can request that the city go out and evaluate that position and compare it to others to see if it is close to the average. Exhibit E is a memo to the AFSCME Vice-President from our former HR Manager dated November

23, 2004. It lists the positions that had been evaluated for the AFSCME bargaining unit. The first section shows the positions that were upgraded or changed and in the bottom section it shows the two positions that did not get upgraded or changed. On page two of that memo it shows the non-represented positions that were evaluated and it lists those that received adjustments and those that did not.

Mayor Thalhoffer asked how many non-represented employees do we have?

Kandace Bell stated roughly 17 to 18 positions. If you look at Exhibit D we have shown those positions in red ink.

Mayor Thalhoffer asked do you feel that following this practice of giving the non-represented employees the same raise that AFSCME bargained for keeps the non-represented employees at a fair salary that is not out of line with the comparables?

Kandace Bell replied I think it is a fair practice. Your alternative is to do an annual market survey to try and keep up with the market. That is a very comprehensive, time consuming process. Your staff time alone, to do that type of survey for eighteen positions, would probably outweigh the savings that you could potentially see. It appears to be a fairly standard practice in the public sector industry. It has been my experience that one of the reasons for doing that is due to the staff time that you would have to commit to conducting the annual surveys. At Gresham we do a cyclical review. Right now I am working on the accounting assistants, which includes a buyer and a cash management analysis and encompasses fourteen positions. I have been working on that since November and I probably will not complete it until June. It is a very comprehensive practice if you want to give a fair assessment.

Mayor Thalhoffer asked this is kind of an unwritten policy in the City of Troutdale, correct?

John Anderson replied it has been an unwritten practice. After some discussion if you want to formalize it by saying this is going to be our policy or practice you could do that or you could just go with status quo or come up with a new policy.

Mayor Thalhoffer stated I prefer that it be a written policy.

Councilor Canfield stated it seems like there is a missing piece of information. We don't want to have a difficult time retaining people, we want to keep people employed and we also want to attract high quality people. Can you tell me what the turn over rate is like for the cities that give the folks automatic raises?

Kandace Bell stated I don't have data on Troutdale, but I can speak to Gresham. Our non-represented turnover is 2%. In my private sector experience there was a 12% turnover rate. In surveys that I have looked at the turnover rates in the public sector tend to be much lower than in the private sector given the benefits. Whether people are leaving for pay purposes or relocation or different career opportunities, you generally don't get that information from people when they leave.

Councilor Canfield stated given the experience in the low turnover rate with the different cities, is that something we need to look at when we consider just automatically giving people raises if the money is not an issue. If people are staying in the job it probably isn't an issue.

Kandace Bell replied I think that would be really difficult to identify.

Councilor Daoust stated I work in the public sector and I am use to represented and non-represented employees receiving the same identical pay raise. If you make the assumption that there is a definite difference between union and non-union employees, I am having a hard time seeing that. Why are some of these positions in red text non-represented? What is the difference? If we are going to talk about making a distinction in pay between those that are represented by a union and those that are not, I would like an explanation about why some of these positions are not represented. Why is an Office Support Specialist a non-represented position but a Receptionist is a represented position?

Kandace Bell replied in Troutdale the Office Support Specialist supports the City Recorder and the HR Manager. They handle a great deal of confidential information. Traditionally those individuals are held outside of the union so that there is no bridging of management to the union. Another reason why positions are non-represented has to do with the duties that they perform. The Fair Labor Standards Act requirements for individuals with supervisory duties and their exempt or non-exempt status and whether they are eligible for overtime or not also plays into the classification of a represented or non-represented employee.

Councilor Ripma asked what action do we need to take?

Mayor Thalhofer stated I suggest that if we think things are fine the way they are then we can just say it is okay as is. If you would like to put it in the form of a written policy we could perhaps do that. What would the Council like to do?

Councilor Ripma stated as far as having a written policy, I don't care. It sounds like some work and we have done it all these years without it. I don't feel strongly about that.

Councilor Thomas asked could it be added to the personnel handbook?

John Anderson stated that is one location, we have administrative policies. We could find a place to appropriately list it.

Councilor Thomas asked in regards to annual adjustments there doesn't appear to be any review with this. Can this be set up so that if you make in excess of \$70,000 it requires a favorable performance review to get a raise and the people below that would automatically follow the AFSCME folks?

Kandace Bell replied I have not seen that happen, but that doesn't mean it couldn't. That would just be a pay practice that you would establish.

John Anderson stated we actually have a performance evaluation. (John Anderson provided the Council with a copy of the City's evaluation form, copy included in the packet). We use this form for all employees. As an employee is moving through the five steps when they are first hired they have to have a minimum acceptable level of performance to move to the next step. That is something different than the annual July 1st adjustment.

Councilor Gorsek stated the only caution I have about that is that what you are doing is saying that because you can't get to the union people we are going to get to these people who are at will. To me that is fundamentally unfair to single that group out when you can't get to the rest of the employees. I think that double standard is unfair.

John Anderson reviewed the evaluation form with the Council and explained how it is used.

Councilor Ripma asked of the nine cities that follow the same practice that we do, do any of them have written policies or unwritten policies?

Kandace Bell replied I do not know.

Councilor Ripma asked do you have an opinion on whether we should have a written policy?

Kandace Bell replied I think the written policy would serve the city well in addressing this question on an annual basis.

Councilor Thomas stated I would like to make a couple recommendations. The first recommendation would be that we direct staff to put whatever it is we decide tonight into a written policy so there are no questions in the future. I think it clarifies things in the long run for employees. The second recommendation I have would be to go ahead and continue the practice that we have with regards to the COLA.

Councilor Kyle asked you mentioned that Gresham has a policy where they look at the market, do we have a similar policy where we look at the market every year to see if anyone is getting paid over the market and we could bump them back?

John Anderson replied no. I don't think that has been done on a regular basis. I think that what has been done is when a job function has been obviously modified or something has changed in the marketplace then we will look at the position. I think it has been management by exception; we don't do it systematically by a whole group.

Mayor Thalhofer stated I would recommend that we maintain the existing system for the non-represented employees.

Councilor Ripma stated I agree with Councilor Thomas' recommendation.

City Council all agreed with Councilor Thomas' recommendation.

MOTION: Councilor Thomas moved to put the compensation policy for non-represented employees in writing into the appropriate city rules for employees and to maintain the current policy that we have been applying for giving raises to non-represented employees. Seconded by Mayor Thalhofer.

Councilor Canfield stated I have been union represented, I have been a manager, I have worked in the public sector and I have worked in the private sector. I believe that giving people automatic raises does a disservice to those people who do excellent jobs and it gives a freebee to the small percentage of people who don't do their jobs. In city governments where you have such a low turnover, some of those people aren't doing their jobs very well and I feel it is extremely unfair to those who are doing what they are supposed to do to see those people get the same benefits. What I have seen is that is an extreme demotivator for folks to perform excellent work and it actually can cause low morale, frustration and hostility in the work environment. I would not favor this.

VOTE: Councilor Gorsek – Yes; Councilor Ripma – Yes; Councilor Thomas – Yes; Mayor Thalhofer – Yes; Councilor Canfield – No; Councilor Kyle – Yes; Councilor Daoust – Yes.

Motion Passed 6 – 1.

4. ADJOURNMENT:

MOTION: Councilor Ripma moved to adjourn. Seconded by Councilor Gorsek. Motion passed unanimously.

Meeting adjourned at 10:32pm.

Paul Thalhofer, Mayor

Approved May 24, 2005

ATTEST:

Debbie Stickney, City Recorder