

**SMITHVILLE BOARD OF ALDERMEN
WORK SESSION**

July 16, 2024 6:00 p.m.
City Hall Council Chambers and Via Videoconference

1. Call to Order

Mayor Boley, present, called the meeting to order at 6:00 p.m. A quorum of the Board was present: Melissa Wilson, Marv Atkins, Ronald Russell, Dan Hartman, Kelly Kobylski and Leeah Shipley.

Staff present: Cynthia Wagner, Gina Pate, Chief Lockridge, Jack Hendrix, Rick Welch and Linda Drummond. Chuck Soules was present via Zoom.

2. Discussion FY2025 Employee Handbook

Gina Pate, Assistant City Administrator, noted at the Board retreat, we discussed a paid family leave policy. This was going to be in conjunction with employees that use the federal Family Medical Leave Act (FMLA), which provides 12 weeks of unpaid leave per 12 months for qualifying events. Gina noted that currently we have a shared leave program where an employee that has completely exhausted their accruals can apply for shared leave. For example, if an employee has a catastrophic event they are able to ask for additional leave. We allow employees to use their accruals when they are on FMLA.

Gina noted that during the review of the proposed policy, City Attorney John Reddoch voiced some concerns with the implementation of an FMLA policy for paid leave. If anything is added to FMLA, it would also need to be covered by this policy and based on federal law for the paid leave portion, we would have to accept any FMLA leave based on the current federal guidelines.

Per John's guidance, staff is recommending a policy for parental leave only and to be kept at six weeks. Gina noted that she included in the staff report a survey that she sent to 30 surrounding organizations and received ten responses. Their paid leave times varied from four weeks to 12 weeks. This would be for either parent and it would run concurrently with FMLA, specifically for the birth or adoption of a child.

Gina noted that staff is requesting Board feedback and recommendation on the number of weeks. If they recommend six, eight, ten or 12 weeks. Gina explained that this will be brought forward for formal review as an amendment to the Employee Handbook.

Alderman Russell noted that the City of El Dorado has four weeks for the parent who has given birth and one week for spouse or significant other and asked if that was unique.

Gina said that was the only one she saw that had it split like that. Most do both parents with the same number of weeks.

Alderman Russell said that he thought that that was a good practice because the person having the child will need to heal and get better. It seemed to him that is the parent that would need the most time off.

Alderman Atkins said that he was good with the six weeks.

Alderman Shipley said that she likes six weeks across the board for both parents. She respectfully disagreed with Alderman Russell and said she would like both parents to be able to be home with the child for that time.

The Board all agreed to six weeks across the board.

Gina noted that the final policy will be brought forward when we do the Employee Handbook approval.

3. Discussion FY2025 Compensation Plan

Rick Welch, Finance Director, noted that this year staff did a focus on market salary conditions. The City needs to remain competitive to recruit and retain our staff.

During the retreat, staff presented the Board with two scenarios based on our research. Scenario one was an increase of 6% for all employees. Scenario two was a 6% increase for frontline employees and 8% for directors.

At the retreat, the Board requested additional information:

FY2025 Scenarios

- Base salary for all employees.
- Scenario 1: 6% increase for all employees.
- Scenario 2: 6% frontline employees and 8% directors.
- Scenario 3: 8% increase for all employees.
- Scenario 4: 8% increase for directors and 10% for frontline employees.
- Scenario 5: 10% increase for all employees.

FY2025 Assumptions

- Non-supervisory sworn police officers set by FOP Union terms. Sergeants still in discussion.
- Frontline employees: all employees other than Department Directors.
- New base for the addition of assistant city clerk pay.
- Reclassification for one Parks and Recreation position.
- Additional Parks and Recreation maintenance worker position.
- Health Premiums projected at a 15% increase.
- Worker's Compensation projected at a 9% increase.

Retreat FY2025 Compensation Plan Scenarios

Department	Base	FY2025 Scenario 1	FY2025 Scenario 2
Administration	460,929.86	477,631.88	479,834.40
Public Works	784,905.78	831,611.07	833,048.74
Police	1,906,783.54	1,906,783.54	1,911,711.34
Development	436,188.16	460,127.61	462,528.13
Finance	370,113.92	389,171.01	391,605.88
Parks & Rec	449,740.54	473,419.79	475,722.90
Elected Officials	16,337.48	16,337.48	16,337.48
General Fund	4,424,999.29	4,555,082.37	4,570,788.87
\$ Difference		130,083.09	145,789.58
CWWS	1,387,070.74	1,446,573.47	1,450,274.22
Total All Funds	5,812,070.02	6,001,655.84	6,021,063.08
\$ Difference		189,585.82	208,993.06

Post Retreat FY2025 Compensation Plan Updates

	Retreat Base	Updated Base	Difference
Administration	460,929.86	470,760.56	9,830.70
Public Works	784,905.78	797,761.14	12,855.36
Police	1,906,783.54	1,900,237.82	(6,545.72)
Development	436,188.16	456,438.84	20,250.68
Finance	370,113.92	369,949.56	(164.36)
Parks & Rec	449,740.54	540,448.30	90,707.76
Elected Officials	16,337.48	16,337.48	-
General Fund	4,424,999.28	4,551,933.70	126,934.42
CWWS	1,387,070.74	1,420,558.52	33,487.78
Total All Funds	5,812,070.02	5,972,492.22	160,422.20

Updates made after Retreat

- 1) Update to benefits cost, and selecting higher option of two Parks & Rec vacant positions.
- 2) New base for one Development employee, the addition of assistant city clerk pay.
- 3) Reclassification for one Parks and Recreation position.
- 4) New Parks and Recreation position discussed at the retreat. \$63,468 total employee cost.

FY2025 Compensation Scenarios

Department	Base	6% All	6% Frontline, 8% Dir	8% All	8% Dir, 10% Frontline	10% All
		FY2025 Scenario 1	FY2025 Scenario 2	FY2025 Scenario 3	FY2025 Scenario 4	FY2025 Scenario 5
Administration	470,760.56	509,252.87	511,455.38	511,455.38	511,455.38	513,657.89
Public Works	797,761.14	838,187.22	839,624.89	851,662.58	863,700.27	865,137.94
Police	1,900,237.82	1,913,425.04	1,923,521.22	1,925,129.85	1,931,611.18	1,934,398.30
Development	456,438.84	480,602.29	483,002.81	488,656.77	494,310.72	496,711.25
Finance	369,949.56	389,006.64	391,441.51	395,359.00	399,276.49	401,711.36
Parks & Rec	540,448.30	568,639.53	570,942.65	578,036.61	585,130.58	587,433.69
Elected Officials	16,337.48	16,337.48	16,337.48	16,337.48	16,337.48	16,337.48
General Fund	4,551,933.70	4,715,451.07	4,736,325.94	4,766,637.67	4,801,822.10	4,815,387.91
\$ Difference Over Base		163,517.37	184,392.24	214,703.97	249,888.40	263,454.21
CWWS	1,420,558.52	1,495,381.56	1,496,819.24	1,520,322.58	1,543,825.92	1,545,263.60
Total All Funds	5,972,492.22	6,210,832.63	6,233,145.18	6,286,960.25	6,345,648.03	6,360,651.51
\$ Difference Over Base		238,340.42	260,652.96	314,468.03	373,155.81	388,159.29

FY2025 General Fund Base Budget Necessary Operating Increases

- Annual VERF (Vehicle & Equipment Replacement Fund) Financial Support (\$330,000)
- IT Services increase with new contract (\$39,150)
- Smith's Fork Park Lease Payment to Corps of Engineers: Annual Cost Increases from \$53,335 to \$56,002
- Police Overtime: \$44,379 Increase from FY2024 Adopted Budget to FY2025 Proposed Budget

FY2025 General Fund

Funded Items in the Base Budget

Operational Budget Item	Estimated Cost	Considerations
Chamber Contract	\$10,000	Second year of four year contract.
Additional City-Wide Department Training	\$5,000 (Average Annual Addition)	Additional funding has been budgeted for department training resulting from Employee Development Program discussions.
Employee Wellness Program	\$3,500 (Annually)	Identified funding for employee health & wellness initiatives
Neighborhood Beautification Grant	\$25,000 (Annually)	Could the grant money be used to assist with sidewalk program/trail connections?
Police Ballistic Vests Replacement (4)	\$6,000 (Annual Replacement Program)	Replacement of 4 ballistic vests

Operational Budget Item	Estimated Cost	Considerations
Replacement of Four Mobile Data Terminals	\$13,000 (Replacement Program)	Second round of replacing in-car Police MDTs (computers)
City/County Shared Road	\$100,000 (One-Time)	Shared road improvements on 176th
ID Badge Machine	\$2,500 (One-Time)	Use for employees, peddlers license, etc.
9' Boss Plow Attachments (Streets)	\$15,000 (One-Time)	Plow will replace 2011 8' 6" and a 2007 (2 total)
Glock Handgun Replacement	\$18,000 (One-Time)	Replacement of handguns, sights and holsters. Upgrades to red dot sights.
Holding Cell Benches	\$3,500 (One-Time)	Benches for City holding cells.

General Fund
FY2025 Unfunded Requests

Operational Request	Estimated Cost	Considerations
Analytic Data Software	\$7,000	The budget currently includes \$5,000 to continue with Replica agreement. Staff is recommending an upgrade, which could require additional funding.
Marketing	\$3,000	Funding to address marketing opportunities that come up throughout the year.
2024 DirectionFinder Survey	\$15,000	Staff requests Board direction. Last survey was conducted in FY2022.
Campground Road Repair	\$25,000 or \$50,000 (One-Time)	Thickened road overlay. Option would be patch repairs at \$25,000.
Fiber to Campground	\$58,000 (One-Time)	Customer requested upgrade of wifi (Parks and Rec)
Campground Sewer Video	\$10,000 (One-Time)	Assess damage to sewer system

Utilities
FY2025 Unfunded Requests

Operational Request	Estimated Cost	Considerations
Wet Well Wizard (Utilities)	\$26,000 (One-Time)	Product is supposed to eliminate grease and hydrogen sulfide in sewer pump stations.

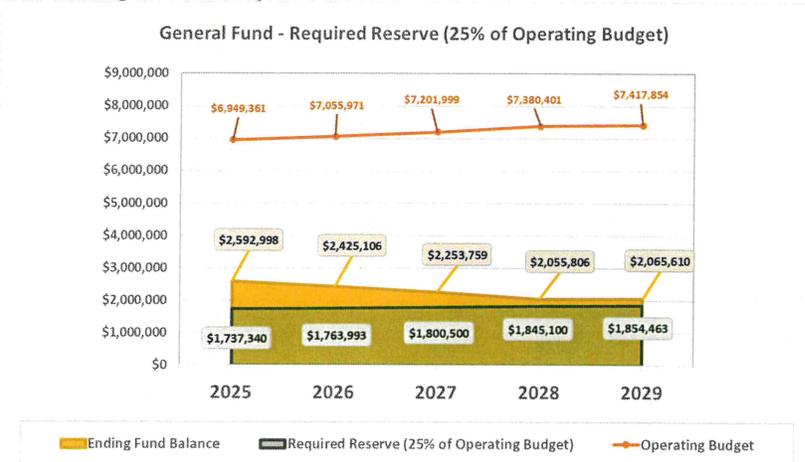
General Fund
 FY2025 Personnel Expense
 No Change to Compensation

	Actual FY2023	Projected FY2024	Proposed FY2025
Beginning Fund Balance	\$ 3,425,221	\$ 3,949,584	\$ 3,571,524
Total Revenues	\$ 6,569,500	\$ 6,723,110	\$ 6,971,896
Total Expenses	\$ 6,045,137	\$ 7,101,170	\$ 7,950,422
Net Change in Fund Balance	\$ 524,363	\$ (378,060)	\$ (978,526)
Ending Fund Balance	\$ 3,949,584	\$ 3,571,524	\$ 2,592,998

General Fund
 5-Year Cashflow
 No Change to Compensation



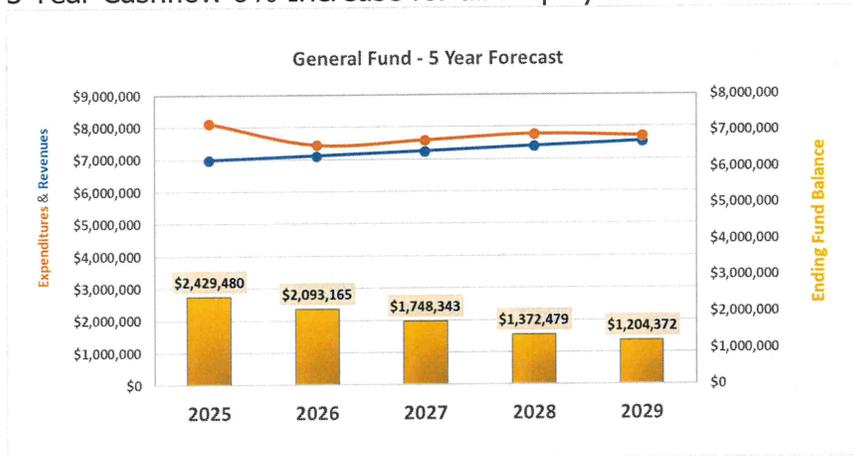
General Fund
 Reserve Analysis
 No Change to Compensation



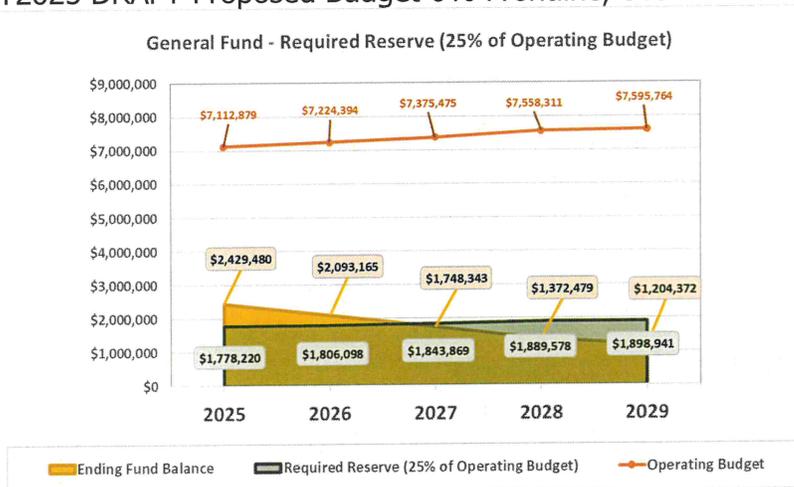
General Fund
 FY2025 DRAFT Proposed Budget
 6% Increase for all Employees

	Actual FY2023	Projected FY2024	Proposed FY2025
Beginning Fund Balance	\$ 3,425,221	\$ 3,949,584	\$ 3,571,524
Total Revenues	\$ 6,569,500	\$ 6,723,110	\$ 6,971,896
Total Expenses	\$ 6,045,137	\$ 7,101,170	\$ 8,113,939
Net Change in Fund Balance	\$ 524,363	\$ (378,060)	\$ (1,142,044)
Ending Fund Balance	\$ 3,949,584	\$ 3,571,524	\$ 2,429,480

General Fund
 5 Year Cashflow 6% Increase for all Employees



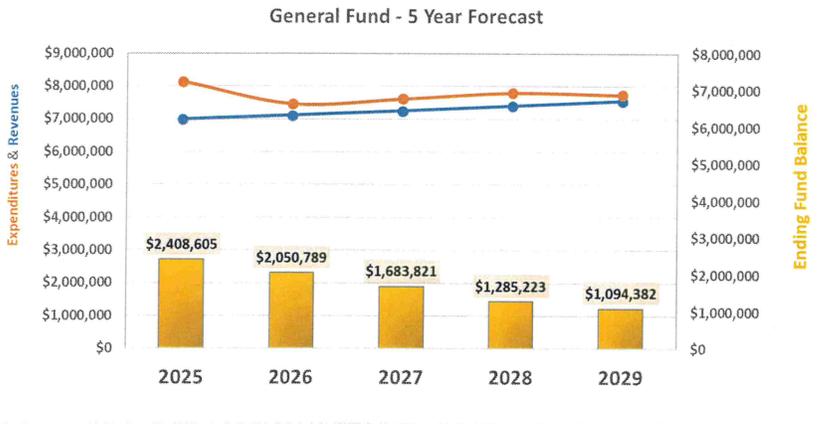
General Fund
 FY2025 DRAFT Proposed Budget 6% Frontline, 8% Directors



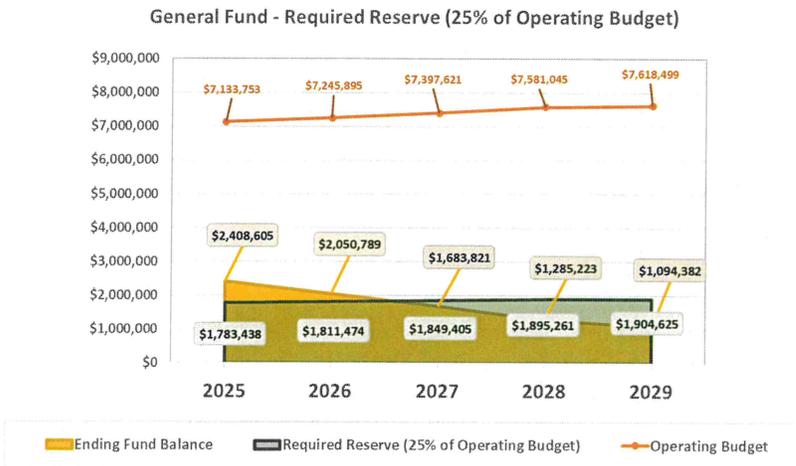
General Fund
 FY2025 DRAFT Proposed Budget 6% Frontline, 8% Directors

	Actual FY2023	Projected FY2024	Proposed FY2025
Beginning Fund Balance	\$ 3,425,221	\$ 3,949,584	\$ 3,571,524
Total Revenues	\$ 6,569,500	\$ 6,723,110	\$ 6,971,896
Total Expenses	\$ 6,045,137	\$ 7,101,170	\$ 8,134,814
Net Change in Fund Balance	\$ 524,363	\$ (378,060)	\$ (1,162,918)
Ending Fund Balance	\$ 3,949,584	\$ 3,571,524	\$ 2,408,605

General Fund
 5 Year Cashflow
 6% Frontline, 8% Directors



General Fund
 Reserve Analysis
 6% Frontline, 8% Directors



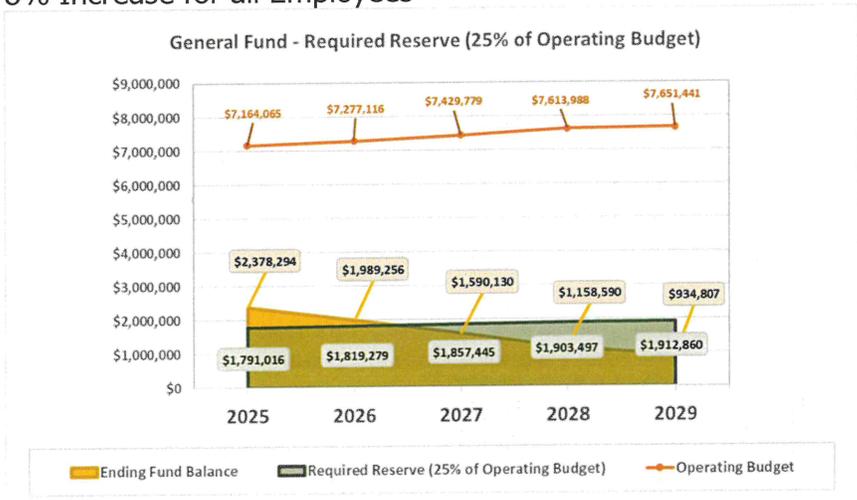
General Fund
 FY2025 DRAFT Proposed Budget
 8% Increase for all Employees

	Actual FY2023	Projected FY2024	Proposed FY2025
Beginning Fund Balance	\$ 3,425,221	\$ 3,949,584	\$ 3,571,524
Total Revenues	\$ 6,569,500	\$ 6,723,110	\$ 6,971,896
Total Expenses	\$ 6,045,137	\$ 7,101,170	\$ 8,165,126
Net Change in Fund Balance	\$ 524,363	\$ (378,060)	\$ (1,193,230)
Ending Fund Balance	\$ 3,949,584	\$ 3,571,524	\$ 2,378,294

General Fund
 5 Year Cashflow
 8% Increase for all Employees



General Fund
 Reserve Analysis
 8% Increase for all Employees



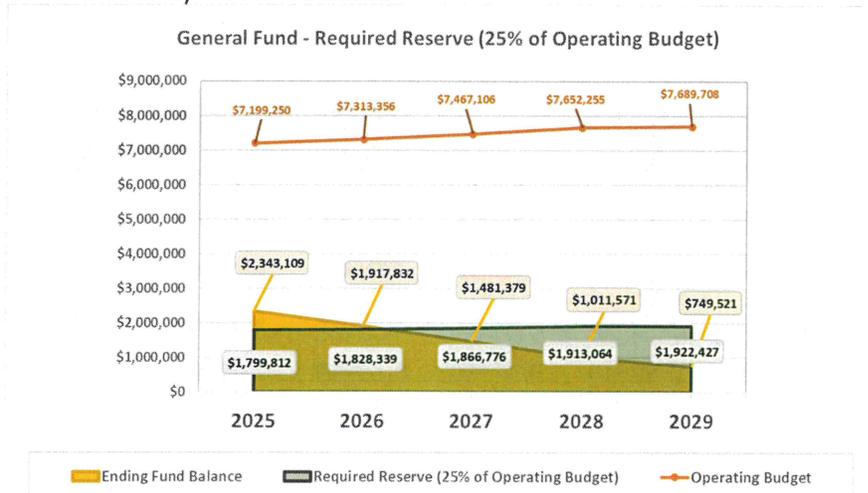
General Fund
 FY2025 DRAFT Proposed Budget
 8% Directors, 10% Frontline

	Actual FY2023	Projected FY2024	Proposed FY2025
Beginning Fund Balance	\$ 3,425,221	\$ 3,949,584	\$ 3,571,524
Total Revenues	\$ 6,569,500	\$ 6,723,110	\$ 6,971,896
Total Expenses	\$ 6,045,137	\$ 7,101,170	\$ 8,200,310
Net Change in Fund Balance	\$ 524,363	\$ (378,060)	\$ (1,228,415)
Ending Fund Balance	\$ 3,949,584	\$ 3,571,524	\$ 2,343,109

General Fund
 5 Year Cashflow
 8% Directors, 10% Frontline



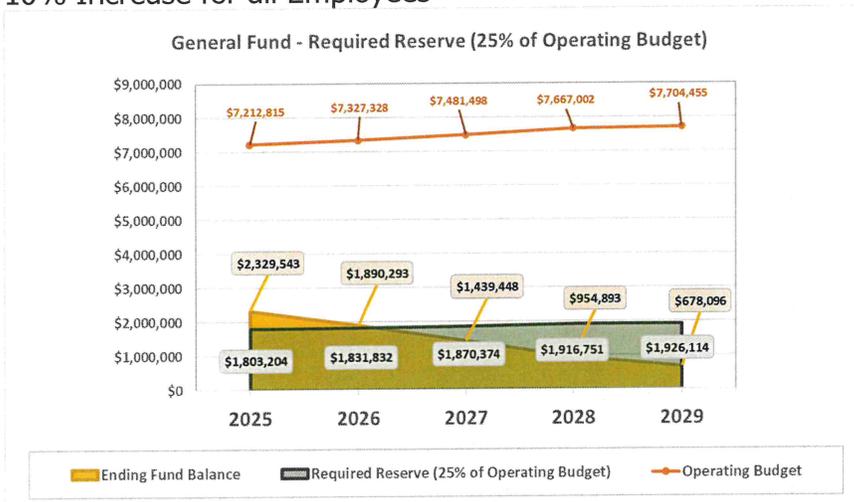
General Fund
 Reserve Analysis
 8% Directors, 10% Frontline



General Fund
 FY2025 DRAFT Proposed Budget
 10% Increase for all Employees

	Actual FY2023	Projected FY2024	Proposed FY2025
Beginning Fund Balance	\$ 3,425,221	\$ 3,949,584	\$ 3,571,524
Total Revenues	\$ 6,569,500	\$ 6,723,110	\$ 6,971,896
Total Expenses	\$ 6,045,137	\$ 7,101,170	\$ 8,213,876
Net Change in Fund Balance	\$ 524,363	\$ (378,060)	\$ (1,241,980)
Ending Fund Balance	\$ 3,949,584	\$ 3,571,524	\$ 2,329,543

General Fund
 Reserve Analysis
 10% Increase for all Employees

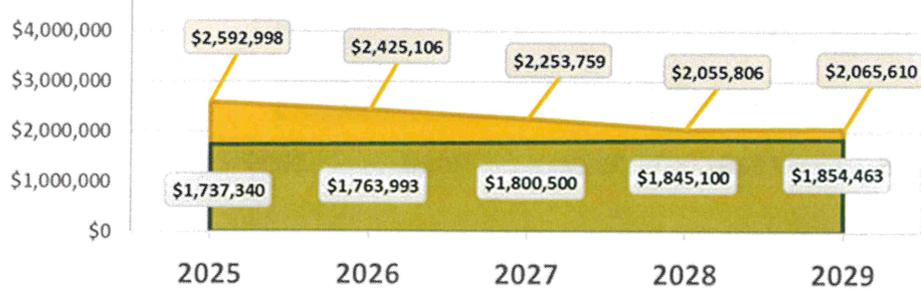


General Fund Plan Comparison
 FY2025 Only

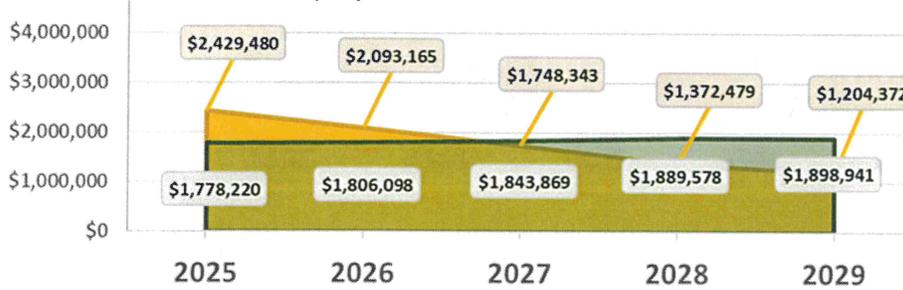
	Base - No Change	6% Increase for all Employees	6% Frontline, 8% Directors	8% Increase for all Employees	8% Directors, 10% Frontline	10% Increase for all Employees
Beginning Fund Balance	3,571,524	3,571,524	3,571,524	3,571,524	3,571,524	3,571,524
Total Revenues	6,971,896	6,971,896	6,971,896	6,971,896	6,971,896	6,971,896
Total Expenses	7,950,422	8,113,939	8,134,814	8,165,126	8,200,310	8,213,876
Net Change in Fund Balance	(978,526)	(1,142,044)	(1,162,918)	(1,193,230)	(1,228,415)	(1,241,980)
Ending Fund Balance	2,592,998	2,429,480	2,408,605	2,378,294	2,343,109	2,329,543

General Fund Plan Comparison
5 Year Reserve Analysis

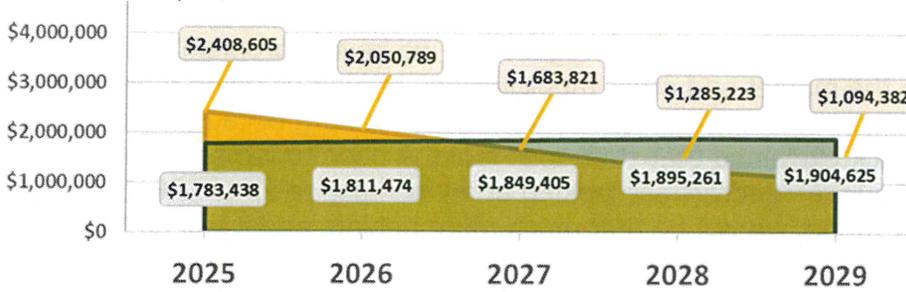
No Change to Compensation



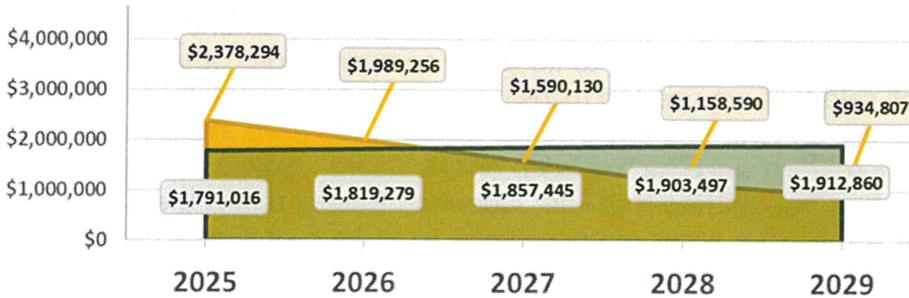
6% Increase for all Employee



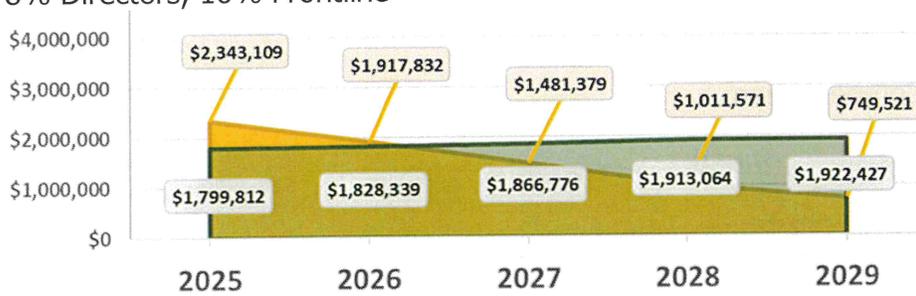
6% Frontline, 8% Directors



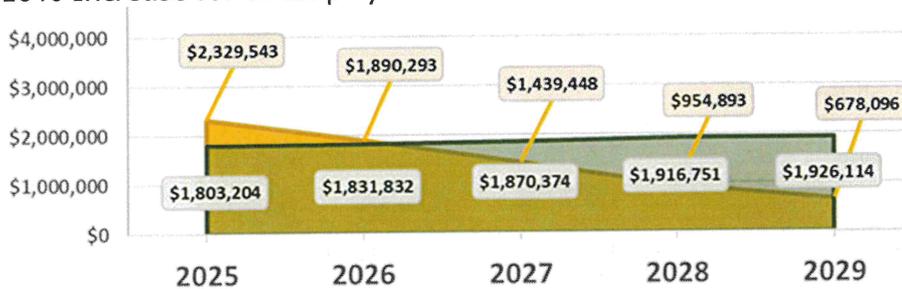
8% Increase for all Employee



8% Directors, 10% Frontline



10% Increase for all Employees



Alderman Hartman asked that Rick provide some background for those watching, since the Board had learned most of this at the retreat. He noted that he would like to reiterate, we are behind other municipalities, it is not a municipalities against municipalities. It is providing a competitive wage for our employees. Alderman Hartman noted that this is going to be a challenge every year.

Rick said that this will be a challenge. Right now, we have a problem recruiting and retaining due to the market and other municipalities around us being more competitive. We are now trying to catch up to market, but salaries is hard because salaries are compounding. Rick explained that staff does feel the need to increase our salary amount because a lot of our competitors are looking at an increase of up to 9%. If we do not increase our pay range, we will be that much more behind, and it will be that much harder to recruit as well as retain.

Alderman Russell said that at the retreat, he was on board with the getting the frontline employees more than the managers and he still feels that way. However, after reviewing this he thinks we need to go back and look at the funded and unfunded items and maybe make some difficult decisions in order to keep the compensation competitive. Alderman Russell said that we need to focus on revenue because right now the projection is looking like we are an hour and a half to bankruptcy. We have already moved the reserve from 40% to 25% since he has been on the Board. Now we are year and a half away from projecting from hitting that line. Alderman Russell thinks the Board should go back and look at some other areas of opportunity to make cuts versus the cutting the employees and not having them right.

Rick noted that the next couple of meetings we will be looking at fees and be able to start incorporating the revenue outlook as well, which should make this look quite a bit better.

Cynthia explained that staff wanted to get this information to the Board for direction but not final direction. There are a lot of additions including the added positions that were discussed at the retreat. Cynthia noted that with annual budget, we do a review on a quarterly basis to see where we are with revenues and expenditures. The information presented just prior to the retreat was the six-month review. In August we will have an update for third quarter. Cynthia noted that some of the development fees are coming in higher than anticipated and we have not updated the sales and use tax revenues that we receive monthly. Staff has done an analysis of our costs for providing services and will be bringing forward recommendations regarding user fees, staff has done an analysis of our costs for providing services.

Alderman Wilson noted that last year at the retreat we were looking at hitting the reserve within the next year or two.

Cynthia noted that interest rates have gone up significantly and that has impacted our budget and given us more revenues and our fund balance is in a better position.

Alderman Wilson also shared that at the retreat Rick was asked what the percentage of the general fund revenue went towards employees and learned that was below what was budgeted. She noted that this is just a vicious circle that you go round and round on how to stay competitive and still take care of all the other financial needs.

Cynthia noted that in 2021 we did a compensation and classification study and got the results back at the same time as many of the communities that we compete with for staff. Since their first initiated studies those communities have made changes and brought the bar higher. Cynthia noted that another community that was doing the compensation and classification study the same time we were and using the same consultant as we did are already revamping theirs with the consultant. Gina did an internal look and provided the information at the retreat pay grade by pay grade on how our ranges compare at the minimum, midpoint and maximum with that market. Cynthia noted that some areas we are very competitive and some areas where we are far behind. This is something we have to constantly look at for the recruiting and retaining of employees.

Alderman Hartman asked if staff was looking for direction from the Board.

Cynthia noted that direction from the Board would give staff something to plug in to the budget to bring forward in August for further discussion.

Alderman Atkins said that he likes either the 6% or 8% across the board.

Alderman Wilson noted that there is not much difference between the percentage's totals.

Cynthia also pointed out that not included in the slides is increasing the salary ranges. Staff is recommending that we increase the increases to employees to one level and then the increase to the range is slightly less so employees can continue to move through those ranges. Cynthia explained that staff had initially provided the information on 6% and 8%, we recommended a 4% increase to those ranges to keep us in the market. Basically, whatever the Board decides on, staff would recommend that 2% differential. For example, a 6% increase would be 4% adjustment ranges, 8% increase would be 6% adjustment range.

Alderman Russell said that there was discussion to look at not just trying to catch up but to get a little ahead.

Cynthia explained that we would have to make it a significant increase to get ahead. 6% and 8% will only keep in the market range.

Alderman Kobylski noted that she like the 10% for the frontline employees and 8% for the directors.

Alderman Hartman said that he feels the reasoning behind that scenario is because the directors are at a higher salary then the frontline workers, so we are trying to bring them up and still be fair and equitable to the directors. He noted that he agrees with Alderman Kobylski 10% for the frontline employees and 8% for the directors.

Alderman Shipley asked if she was reading the numbers correctly that the frontline workers are 2.7% behind the average and directors are 17.9% behind the average.

Cynthia said that was correct.

Alderman Shipley said it seemed to her that the directors are needing a little bit more of an increase since they are significantly behind other municipalities. Alderman Shipley recommended the directors have the higher increase then the frontline workers.

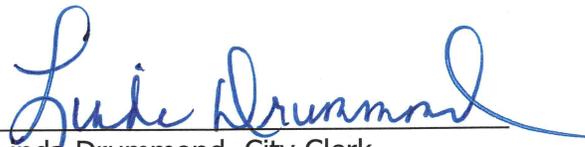
Alderman Wilson made a motion to flip it to 10% directors and 8% frontline workers. Alderman Kobylski seconded the motion.

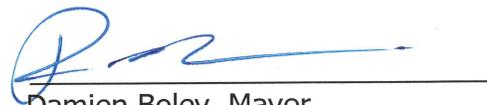
Ayes – 5, Noes – 1, motion carries. Mayor Boley declared staff will bring forward 10% increase for directors and 8% increase for frontline workers as part of the FY2025 budget discussion.

4. Adjourn

Alderman Hartman moved to adjourn. Alderman Wilson seconded the motion.

Ayes – 6, Noes – 0, motion carries. Mayor Boley declared the Work Session adjourned at 7:15 p.m.


Linda Drummond, City Clerk


Damien Boley, Mayor