



# REQUEST FOR COUNCIL ACTION

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**Title:** 2021 Salary Adjustments for Non-Represented & AFSCME Employees

**Preferred Agenda:** April 13, 2021

**Submitted By:** Brandon Neish, Finance Director

**Reviewed By:** Ray Towry, City Manager

**Type of Action:** Resolution  X  Motion      Roll Call      Other    

**Relevant Code/Policy:** SHMC § 2.48.030 – Adoption and Amendment of Rules  
Sweet Home Charter Section 6  
Sweet Home Personnel Policy Section 3 (c)

**Towards Council Goal:** Goal 2.1: Update & streamline process  
Goal 2.3: Invest in long-term staff stability & training  
Goal 2.5: Continue to implement best financial practices

**Attachments:** Resolution No. 12 for 2021  
Resolution No. 9 for 2019

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**Purpose of this RCA:**

To review Resolution No. 12 for 2021 awarding cost-of-living adjustments to City Non-Represented and AFSCME employees.

**Background/Context:**

The City of Sweet Home respects and appreciates its employees and recognizes the important role they play in the organization and community's success. The need to retain and recruit quality employees and candidates is directly related to the compensation offered.

Section 6 of the City Charter states, "Salaries. The council shall fix the compensation of all city officers and employees."

SHMC 2.48.030 states, "Personnel rules shall be adopted and amended by resolution of the City Council. The rules shall provide means to recruit, select, develop and maintain an effective and responsive work force and shall include policies and procedures for employee hiring and advancement, training and career development, job classification, salary administration, retirement, fringe benefits, discipline, discharge and other related activities. All appointments and promotions shall be made in accordance with the personnel rules without regard to sex, race, color, age, religion or political affiliation; and, furthermore, shall be based on merit and fitness."

The City's Personnel Policy 3(c) states, "To ensure that the City's salary ranges and pay plan are as competitive as possible, salary data studies may be done approximately every three (3)

years. Salary information from equivalent public entities will be compared with the City's salary schedule and pay plan. Department Heads should notify the City Manager when conditions warrant a study of certain positions. The City Manager shall conduct or have conducted the appropriate studies and, if feasible, submit a recommendation to the City Council. Any adjustments to the pay plan must be approved by the City Council."

Originally passed in December 2019, Resolution No. 9 for 2019 stated non-represented employees would receive a cost-of-living adjustment (COLA) of 3% beginning July 1, 2020. Due to the ongoing COVID-19 pandemic and the previously unknown long-term effects on City finances, members of the non-represented staff agreed to voluntarily forgo their COLAs in a bid to prevent future layoffs of City staff. City Manager Towry informed the City Council of staffs' decision on June 9, 2020 while calling staff "a pretty impressive group that would volunteer to do that for their team and their community." Additionally, members of the American Federation of State, County and Municipal Employees (AFSCME) Local 3337 agreed during their contract negotiations to forgo a COLA as well. The agreement with AFSCME was finalized in August of 2020 and specifically stated that "subsequent cost of living adjustments (COLA) shall be equal to that given to non-represented management staff in both salary adjustment and timing."

While the pandemic continues, financial concerns regarding fiscal stability and revenue generation within the City have passed as the economy has continued to rebound from the initial effects of job losses and market drops. Local real estate prices have continued to climb and as of January 2021, were up nearly 7% over the prior twelve months which will bring reduced compression in property taxes for the 2021-2022 fiscal year. Additionally, all of our funds have maintained or seen an increase in revenues during the 2021 fiscal year and the stability of our organization now and in the future has improved. Given the health of our existing funds, City staff is recommending that the COLAs originally forgone in 2020 be reinstated effective January 1, 2021. Future COLAs will be presented as part of the budget process but include tying the increases to CPI as demonstrated in the attached resolution.

As part of this review and decision, Resolution No. 12 for 2021 also contains four important revisions. First, the addition of a Captain's salary range which the Police Department plans to hire in the coming months. The Captain will take some responsibilities of the Chief allowing the Chief to focus on the holistic and high-level view of the department including long-range planning, policy development and more. Additionally, the Captain position will serve as the eventual successor to the existing Police Chief should the position become vacant.

Related to the Police Captain's position, a salary review for the position revealed that the salary of the Chief was also lower than market comparators. Sweet Home uses Independence, Molalla, Monmouth, Sheridan, Silverton and Stayton as comparable cities. A review of the Chief salary in these cities demonstrated a need to increase the Chief's salary by approximately 5% to maintain the "95% of average" salary figure the City has used previously.

An Information Technology (IT) Services Manager has been added. As the City has grown with more and more of its operations dependent on information technology, the workload has grown to be too much for a third-party to manage along with existing staff time dedicated to on-site troubleshooting and assistance. This existing staff time has meant redistributing time from current duties resulting in delays in reporting and output. After presenting the proposal to the City Council during the Council Training in February 2021, the Council was supportive of hiring a full-time individual to focus on IT needs across the organization.

Finally, an equity adjustment has been added to the table for the Public Works Operations Manager. An internal review of the Operations Manager and Utility Manager revealed similar job functions, supervisor requirements and technical skills for the positions. While the positions are similar in scope, the Utilities Manager position had a higher rate of pay. The revision increases the salary of the Operations Manager to match the Utilities Manager pay.

**The Challenge/Problem:**

How does the City of Sweet Home retain employees and recruit candidates without a fair and equitable salary schedule in place?

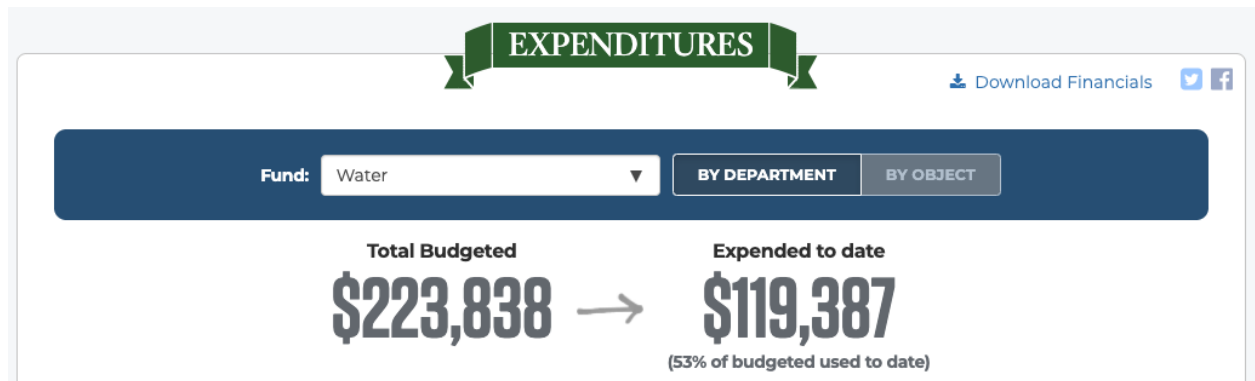
**Stakeholders:**

- City of Sweet Home Citizens – These non-represented positions are the leaders of the organization and impact the quality-of-service offerings of the city. The community will feel the effects of these changes. Citizens also deserve transparency in government.
- City of Sweet Home Staff – These changes aim to improve our market competitiveness in a “job seeker’s economy.” Good employees are hard to find and without a fair salary schedule and our ability to recruit and retain quality employees who develop the processes within the organization and continue the push toward an efficient and effective organization is greatly hampered.
- Sweet Home City Council – Charter, SHMC §2.48.030 and past policies and practices dictates that the Council is responsible for personnel rules including salary administration.

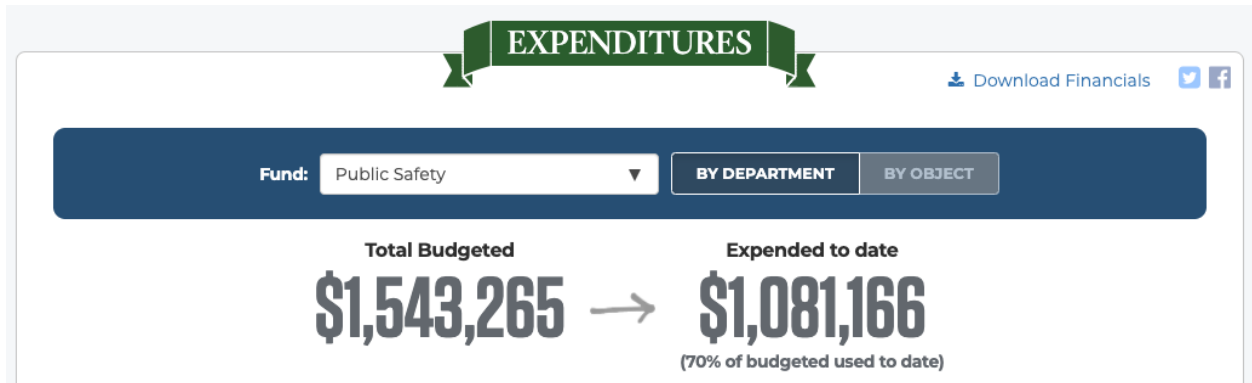
**Issues and Financial Impacts:**

The fiscal year 2021 budget included salary adjustments for AFSCME employees equal to 3% beginning July 1, 2020 but no increases for non-represented staff. A 3% COLA for AFSCME employees back to July 1 is approximately \$23,000 (\$2,555 per month) across all City funds with personnel expenditures. This amount was budgeted and would require no budget adjustments. A 3% COLA for non-represented employees back to July 1 is approximately \$20,625 or \$2,291 per month across all funds. This was not budgeted and would require budget adjustments from contingencies to cover any adopted increase.

Adjustments would occur in select funds where vacancies would not cover. For example, in the Water Fund, salary expenditures to-date total 53% of the overall budget according to information available in the City’s online transparency portal. This information is updated through February 2021 payroll which, if everything lines up over a twelve-month period, total year-to-date expenditures should be near 67%.



However, through February 2021, the Police Department was at 70% due to retirements and increases that were not previously budgeted. This fund would likely require a budget adjustment to offset the retirement costs as well as any increase in staff pay for the current fiscal year.



**Elements of a Stable Solution:**

Sweet Home must have a fair and equitable salary schedule to recruit and retain employees.

**Options:**

1. Do Nothing – Resolution No. 9 for 2019 would remain in place with no increases for 2021.
2. Move to approve Resolution No. 12 for 2021 with increases retroactive to December 16, 2020. – Salary increases would be retroactively assessed back to December 16, 2020 (beginning of the January pay period). Total **savings** government-wide from budgeted figures is estimated to be \$1,662 though specific funds may require budget adjustments based on type of staff (i.e. Executive is all non-represented, therefore would require an adjustment whereas AFSCME members are primary in streets so no adjustment would be necessary).
3. Move to approve Resolution No. 12 for 2021 with increases retroactive to June 16, 2020. – Salary increases would be retroactively assessed back to June 16, 2020 (beginning of the July pay period). Total **cost** on government funds would be estimated at \$27,204 for the fiscal year and would require budget adjustments on nearly all funds with personnel expenditures.
4. Move to approve Resolution No. 12 for 2021 with increases retroactive to September 16, 2020. – Salary increases would be retroactively assessed back to September 16, 2020 (beginning of the October pay period). Total **cost** on government funds would be estimated at \$12,771 for the fiscal year and would require budget adjustments on nearly all funds with personnel expenditures.
5. Move to approve Resolution No. 12 for 2021 with increases beginning March 16, 2021. – Salary increases would be assessed beginning with the current pay period resulting in no back pay for employees. Total **savings** government-wide from budgeted figures is estimated to be \$16,095 though specific funds may require budget adjustments based on type of staff (i.e. Executive is all non-represented, therefore would require an adjustment whereas AFSCME members are primary in streets so no adjustment would be necessary).
6. Recommend different salary rates and/or implementation date and table for another meeting – Council could review these proposed changes and recommend different rates for adoption. Staff would take these recommendations and revise the proposed resolution for review at a future Council meeting.

**Recommendation:**

Staff recommends option 2, move to approve Resolution No. 12 for 2021 with increases retroactive to December 16, 2020. The proposed salary schedule is fair, equitable and based on both the city's ability to afford and the current market comparables. It is fair to both the employee and the community and does not risk the fiscal stability of the City given current financial conditions.