



Employee Benefits & Compensation Commission

**One Year Later...What Has Been Accomplished –
What Remains to be Done.**

**Presentation to
The Mayor & City Council of Havre de Grace
March 20, 2017**

Background



- **Havre de Grace City Ordinance No. 971 (3 Aug 2015) established the Employee Benefits and Compensation Commission to assist Mayor & City Council with budget and funding obligations**
- **Commission Members selected and the inaugural meeting of the Commission was held on January 5, 2016**
 - **Reported to Mayor & City Council twice (18 April 16, 5 Dec 16)**
 - **Met 19 times in 14 months**
- **Ordinance No. 971 describes eight specific recommendation areas the Commission is to report on annually in March and December**

Commission Reporting Requirements



- **DECEMBER DELIVERABLE**

The Commission shall meet to review the revenue and expense experience of the fiscal year just completed. The Commission shall report its findings to the Mayor and City Council regarding items in § [25-78](#) of this article. A report outlining any concerns, recommendations or concurrence with the noted items shall be delivered to the Mayor and City Council on or before the first regularly scheduled City Council meeting in December of each year.

- **MARCH DELIVERABLE**

The Commission shall meet in January of each year and shall consider and make recommendations for each item in § [25-78](#) of this article and its impact on the current and future health of the City budget, revenues, expenses, debt service and capital programs. These recommendations shall be delivered to the Mayor and City Council prior to or at the first regularly scheduled City Council meeting in March of each year.

Recommendation Areas



A. Strategic direction and consideration of employee benefits and compensation expenses from a funding and budgetary perspective;

B. Budgeting and funding consideration of benefits and compensation, both short and long term to include the employee pension fund, and Other Post Employment Benefits (OPEB);

C. Monitoring the revenues and expenses and the budget goals and objectives established by the Mayor and City Council in the budgets that are passed annually;

D. Exploring alternative benefits for employees from those benefits currently in place;

E. Review the current personnel manual and make recommendations to the Mayor and City Council concerning the same;

F. Review, compare and analyze other comparable government and municipal employee benefits and compensation to assess the value and validity of current City operations and generate viable alternative solutions;

G. Confer when needed with the Director of Administration related to City Code Chapter 130 and the benefits provided to exempt service employees;

H. Consider potential out-sourcing opportunities.

Summary of Accomplishments



Since last report, a number of important milestones completed;

- A Complete Review and Updating of the Personal Handbook with an annual review
- Implementation of Health Care Changes that resulted in a reduction in Healthcare costs
- The development of a fair and sustainable wage plan that will maintain stability and growth in the work force; with strong consideration as to its future affordability
- Proposal of a Charter Amendment-whereby wage increases for Elected Officials must be included on a referendum, and accepted by the Citizens
- Proposal of a Charter Amendment that requires a written Budget Transfer Process be initiated that captures the reallocation of funds between categories (Employee Related Expenses, Non-Employee Expenses and Capital Equipment/Projects)
- The Commission agrees with the recent Auditors suggestion that a strategic plan be developed for Other Post-Employment Benefits (OPEB)
- Annually explore alternative Healthcare Programs that are competitive

Recommendations

Compensation Plan



- **Current wage schedules (Civilian and Sworn Police Officers) are structured with annual increases that are approximately twice the inflation rate which has been realized over the past ten years**
- **Continuing at this rate while revenues are increasing below the inflation rate places a salary burden upon the City that is not sustainable**
- **By adopting the recommended schedules, the future health of the City budget will be brought more in line with current inflation and bring one of the City's highest expenses to be more sustainable**
- **Recommend implementation of two new wage schedules (with caps), for Civilian and Police Department employees that are merit based and for the Police Department, designed to address:**
 - **Recruitment- competitive wage rates and steps that are in line with competitive markets**
 - **Retention – targeted compensation toward “key retention years”**
 - **Specialized Operations – augmentation values for key positions**



Recommendations

Amendments to Ordinance 971

- **The Commission focus should be on Personnel Costs within the budget**
 - As written, Ordinance 971 requires the Commission to report on City debt service and capital programs. Debt Service and capital improvement costs are not personnel budget expenditures and are not linked to employee benefits and compensation.
 - Recommend drafting an amendment to Ordinance 971 to appropriately focus the reporting areas
- **The annual City Budget and Administration planning cycle delivers the initial City budget in mid-April**
 - The Commission provides recommendations during the planning process
 - Moving the March report to coincide with the release of the new fiscal years proposed budget will allow the Commission to review the actual budget and not speculate on early to mid planning information available in March
 - Recommend Ordinance 971 be amended to move the annual March report from the first Monday in March to the third Monday in April



Recommendations

Human Resource (HR) Manager

- **Recommend the HR Manager present on some recurring basis to the Commission and Administration, relative changes, programs and discussions that are occurring in the HR Marketplace and may be beneficial to the City.**
- **Recommend the HR Manager be added to this Commission as a non-voting member. As the Commission moves forward and proposes changes to the compensation and benefit packages, the HR Manager is a vital source of information to making decisions and recommendations.**

Next Steps



- **Develop and encourage an Employee Wellness Program that incentivizes employee participation**
- **Develop a strategy to address the Auditors discussions relative to the funding of OPEB obligations**
- **Continue to evaluate the Pension System for long-term sustainability**
- **Develop a Personnel Evaluation System that includes an employee component for involvement with professional growth and development**
- **Review the City's anticipated update and standardization of all job descriptions**
- **Evaluate the City's Organization Structure**
- **Provide an analysis of outsourcing opportunities whereby the City can best utilize its assets and resources in the most efficient manor**