

**DUBLIN CITY COUNCIL
WORK SESSION
2023 PROPOSED OPERATING BUDGET - #2
NOVEMBER 1, 2022**

Minutes

Mayor Fox called the Tuesday, November 1, 2022 work session to order at 7:30 p.m.

Council members present: Ms. Alutto, Ms. Amorose Grooms, Vice Mayor De Rosa, Mayor Fox, Mr. Keeler, Ms. Kramb, and Mr. Reiner.

Staff present: Ms. O'Callaghan, Mr. Smith, Mr. Stiffler, Mr. Ranc, Chief Paez, Mr. Earman, Ms. Klus, Mr. Farrar and Ms. Miglietti.

PROPOSED 2023 OPERATING BUDGET

Non-Union Compensation Plan Overview

Mr. Stiffler shared that this is the second Operating Budget work session. The second reading of the Ordinance will be on November 14. He invited Ms. Miglietti to highlight some of the changes to the Non-union Compensation Plan that accompanies the Operating Budget.

Ms. Miglietti shared the history and philosophy behind the City's compensation system. We use a "pay for performance" system that focuses on development but respects finite financial resources. The City's compensation structure is highly competitive with the market. At the mid-point of the target salary range, the City pays 10% or more above the combined Columbus market for comparable public and private sector jobs. The annual merit is total compensation and not just the annual increase in salary. She stated that the City rewards longevity through the longevity bonus, increased vacation accruals with longevity and the biennial review of the compensation plan.

She shared that every two years, Dublin gathers and analyzes current salary bands to ensure they are in alignment with the market. The goal is to stay competitive to recruit and retain talent. She stated that the representative market consists of 122 jobs representing more than 10,000 incumbents in Ohio. Approximately 2/3 are from the private sector and 1/3 from the public sector. The following survey sources are utilized to conduct this analysis: Mercer Columbus-area survey (private sector), MORPC survey (public sector) and State of Ohio (public sector). Ms. Miglietti provided a table showing the non-union compensation salary bands. She explained how this table illustrates the goal of having employees in the midpoint of their target salary band range.

Ms. Miglietti also shared an example of the non-union merit increase spreadsheet that is given to each Director showing what each employee's increase would be using the midpoint of the target range as the goal. This model assumes that each employee is meeting or exceeding our core values for performance. Discussion was held regarding "step" increases that the unions use versus using the model that we currently use for non-union. Ms. O'Callaghan stated that it is typical to have two different compensation methods for union and non-union employees in the public sector.

In response to Ms. Alutto's question about prorating increases, Ms. Miglietti stated that depending on what time they start working for the City, an employee may not be able to get an increase in March, but may be eligible in the fall.

Ms. Miglietti stated that she would share these charts with Council so they can review them. She also stated that there is a form that is provided to employees that shows what increase they are getting and how it was calculated.

Ms. Miglietti shared wage projections from surrounding communities to benchmark. The following communities shared information:

- City of Worthington – Wages/Compensation Notable Expenditure changes – 3.96%;
- City of Upper Arlington – Average will likely be around 3.5% for employees not covered under a bargaining unit agreement;
- City of Hilliard – 3% for non-union employees
- City of Marysville – 3% for non-union employees
- City of Gahanna – recently transitioned to a “pay step” compensation plan; and
- MORPC Salary Survey: Non-union anticipated increases averages to be about 3.5%.

Ms. Miglietti stated that the City conducted its last compensation study, in mid-2020, the City's salary range structure was competitive with the market. Wages unexpectedly shot upwards in 2021 and 2022. The Gross Domestic Product (GDP) has dropped for two consecutive quarters, the stock market has plunged over 20% and appears to be continuing its downward trend, inflation is at its highest in 40 years and the Federal Reserve's interest rate increases have not been effective at slowing inflation. Staff will be recommending, in Ordinance 65-22 - the amendment to the non-union compensation plan, that the City move its salary ranges 6% for 2023 and then recheck the market next year to determine whether another 6% or a different amount would be appropriate for the salary ranges in 2024.

Health Insurance Review

Ms. Miglietti shared the health insurance statistics as follows:

- 396 employees
- 366 covered employees
- 90 single coverage
- 276 family coverage
- 1,004 lives on medical plan

The total per employee, per year cost is projected to be \$24,552 for 2023. She also shared the specific Stop Loss Premium paid versus what has been reimbursed. She stated that stop loss is what the City purchases for anyone who has a large medical claim, such as someone with cancer. The stop loss threshold is \$175,000. This stop loss policy has saved the City from paying out over \$2 million in the last six years. The stop loss premium per month per employee will be \$398 in 2023.

Employee Turnover

Ms. Miglietti shared that in 2022 the employee turnover rate was 11.5%. In response to Vice Mayor De Rosa's question, Ms. Miglietti stated that 12 of the 36 employees that left in 2022 were retiring. She stated that many employers have seen their turnover rate going up, this is not only happening in Dublin.

Ms. Miglietti reiterated staff's recommendation of approval of the Operating Budget for 2023 and the Non-union Compensation Plan on November 14. Staff is proposing a flexible salary increase in 2023 of up to 4% pursuant to the salary goals outlined in this discussion. Discussion was held regarding the budget allotment of 4% that will be used for salary increases. Mayor Fox clarified that the consultant wants to increase the salary ranges 6% and the budget includes the 4% for salary increases. Mr. Stiffler stated that where the employee falls in the ranges (market or target) will determine the increase. Ms. O'Callaghan stated that this is also keeping the medical benefit structure the same. She also reiterated that the 6% salary ranges allows for greater future potential.

Vice Mayor De Rosa asked how staff arrived at the 4% number for increases. Mr. Stiffler stated that by comparison with other employers, we want to stay competitive and be able to find talent, so 4% seemed like a good target number. He stated that a lot of factors go into planning for increases such as bargaining unit negotiations, internal organizational equities, market expectations, etc. He stated that moving between six years of stability to a highly volatile situation is why we will be re-evaluating again next year.

Mayor Fox asked about the six years that the salary bands were not changed and whether or not that was too long of time with no change. Mr. Stiffler stated that the salary bands were not changed because after careful evaluation every two years during that time, the market dictated that no change was needed. Ms. O'Callaghan summarized by stating that staff will forward to Council the non-union compensation plan slide deck that is used for employees and a sample of the form that is given to employees for salary increases that was briefly described during the meeting.

The meeting was adjourned at 8:09 p.m.

Presiding Officer - Mayor

Clerk of Council