



Roll Call Number

Agenda Item Number

51

Date September 25, 2017

REPORT AND RECOMMENDATION FROM THE CITY COUNCIL PERSONNEL SUBCOMMITTEE REGARDING COUNCIL'S DIRECT REPORTS AND APPROVAL OF SUCH RECOMMENDATIONS

WHEREAS, the Des Moines City Council's Personnel Subcommittee has convened pursuant to Iowa Code Section 21.9 to evaluate the employment conditions of the City Manager, the City Attorney, and the City Clerk; and

WHEREAS, a report and the subcommittee's recommendations has been submitted to the city council; and

WHEREAS, it is in the best interests of the City of Des Moines that the recommendations of the Personnel Subcommittee be approved.

NOW THEREFORE, the Des Moines City Council hereby approves and adopts the recommendations of the Des Moines City Council's Subcommittee and the Finance and Human Resources Departments hereby are directed to implement such recommendations.

Form approved:

Carol J. Moser, Deputy City Attorney

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GATTO				
GRAY				
HENSLEY				
MOORE				
WESTERGAARD				
TOTAL				

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

MOTION CARRIED APPROVED

Mayor

City Clerk

Memorandum

To: Des Moines Mayor, Council and Citizens
From: Des Moines City Council Personnel Committee (Coleman, Hensley, Moore)
Date: September 25th, 2017

Recently, the Mayor appointed the Council Personnel Committee of Christine Hensley, Skip Moore and Chris Coleman (Chair) to review the performance of and make recommendation regarding compensation for the three direct reports to the Council, City Manager Scott Sanders, City Attorney Jeff Lester and City Clerk Diane Rauh.

Over the past six weeks, the Council has completed an extensive confidential survey, sought counsel and input from fellow employees, citizens, community and business leaders, and more. The data collection resulted in at least one meeting with each of the three employees. In these meetings we discussed in great detail the Council's evaluation, the self-evaluation completed by each employee, a set of issues presented by each employee addressing goals and ways in which the Council can support the employee in reaching and exceeding the goals we have established for them. Finally, we discussed compensation.

While the process details are confidential; all city employees should expect such with regard to Human Resource issues, these are the headlines of the evaluation process:

- ***The Mayor and Council have an exceptionally high level of confidence in the competency and talent of these three employees.***
- ***The Mayor and the Council give the highest marks for all three employees in the same categories: work ethic and professional integrity.***
- ***It is clear that all three employees continue to improve and impress the Council with each passing year.***
- ***The three direct reports not only are enterprise-wide leaders of city government; they are also successful supervisors of their individual departments.***
- ***Each of the three have proven to be great identifiers of talent – recent hires to key positions in the city under these employees have been outstanding.***

Specifically, the Committee would like to call out just a few of the major points of the review for each of the three employees:

City Manager Scott Sanders:

- The manager's performance continues to get better and stronger over time. He has proven to be an excellent hire; and finds ways to add significant value to the city and its future.
- Scott promised to be data-driven and not politically driven when making recommendation to the Council. The Council was strongly appreciative of this commitment and values the recommendations he makes as a result.
- Scott has managed to successfully maneuver the city through countless major projects, headaches, punishing legislative initiatives, regional/jurisdictional disputes and opportunities

- Scott works hard; in fact so hard it is a concern of Council's that he may get burned out. Scott is available 24/7/365 to Council...and sometimes we abuse that!
- Scott is trustworthy and transparent.
- The Council is pleased and comforted to have a City Manager with the financial and budget expertise that Scott brings to the position.
- Scott has some personal traits that feed his success...he is calm, respectful of others, sincere and always prepared.

City Attorney Jeff Lester

- Jeff is eminently competent and the Council has great confidence in the legal advice he gives the Council and city.
- Jeff is a very effective communicator. He operates with integrity, which is the first step in good communication. But it works tirelessly to make sure he has effectively communicated his activity, his recommendations, risks he sees the city facing and what solutions might be headed our way. Jeff is available to Council at any moment, and he always takes time on our schedule to ensure we are up to speed on issues we care about.
- The Council depends on Jeff in a unique and important way to help us sort our legal and ethical dilemmas; and to ensure each of us are operating at the highest levels. Sometimes this has involved difficult discussions. But each time Jeff handles them with class and confidence.
- Jeff manages the many priorities he has very effectively.
- Council noted that Jeff has done a very effective job in hiring new attorneys and managing the department effectively.
- The Council called out specifically the good work Jeff does with regard to Legislative affairs.
- It should be noted that some of the highest praise we received for Jeff came from his two peers who are also being reviewed. That unsolicited input was impressive to the Committee and to the Council.

City Clerk Diane Rauh

- Diane is another 24/7 City Leader. The Council has become used to calling Diane for the answer to just about anything. Her institutional knowledge and compassionate style make her the most user-friendly resource for the Council.
- It is worth noting, that in our confidential online survey of Council members, Diane received unanimous highest scores possible in half of the survey questions. And trust us, we are not easy graders.
- Diane serves the city with distinction. She is the longest serving city department director; and the Council approached our discussion with her with a goal of extending that leadership long into the future.
- Diane's City Clerk's department has been relentlessly innovative in delivering the services that the law requires or that Council has asked her to take on.
- The Council noted several times the recent hires in her department are strong and a positive sign that the Clerk's office will continue to be a model department for the city.

- Diane is our confidant, champion and problem solver. The Council is never disappointed in her effort to make us look good, be prepared, and demonstrate pride on our city.
- Diane is prepared and organized. The Council surveys made particular note of the effective and efficient process she leads for Council meetings. It is not an easy job, but one she does with extraordinary accuracy, dependability and achievement. This is an area that is often taken for granted; but it is certainly the face of the city and city council and we have Diane to thank for its success.

The Council Personnel Committee had direct, challenging and productive conversations with each employee. Some more than once. The contents of those discussions are confidential, but some general themes emerged between the three. The following are issues that will be folded into our strategic planning process and in future discussions/reviews with each staff:

- All three employees have a long, long list of priorities that the Council/Mayor create. Council is seeking the employees find new and better ways to keep track of the various Council priorities/files/cases/projects. The staff have been asked to work on and recommend a plan; we can envision a dashboard or spreadsheet that quickly and easily summarizes projects, timelines and recent actions on priorities of Council.
- The employees asked Council/Mayor to be intentional in our communication with each other. This involves city committees, major community projects, and regional councils (28-E organizations) that we serve. The three employees are busy enough, and not capable of being responsible for communication between the seven of us. Scott, in particular, finds sharing news or lobbying Council members is in conflict with the desire we have for him to be less political and more data-driven. Some jurisdictions formalize the process by having a schedule within Council meeting agendas for reports from each Council member for reports regarding board in which we represent the Council or City. There may be other options that we can formalize and implement.
- Succession planning is key to the city having a strong future. This is not targeted just at the three positions who we review today, but all the department and division leadership in the city needs to have a succession plan in place.
- Our commitment to our neighborhoods must quickly turn from talk to action. Council and citizens are ready for transformation engagement. We need to strengthen neighborhood associations and grassroots non-profit organizations. We need a wholesale commitment to address the blight, infrastructure and safety in our neighborhoods. Every department and function of city government must innovate and create new services that benefit the citizens.

One of the more significant, meaningful, and quite frankly, scary areas of discussion we had with the three staff involved the future. Each of the three voiced strong interest in continuing employment with the city. The Personnel Committee is convinced of their genuine commitment to the city and their job. None the less, it is common for the three to be asked to consider lucrative options for employment or retirement. It is with this in mind that the Personnel Committee aggressively addressed various compensation issues. It is the desire and goal of the Personnel Committee to keep Scott, Jeff and Diane in their positions into the future. This will require an increased commitment to them as well.

Therefore, effective July 1st, 2017, the direct reports to the City Council (Manager, Clerk, and Attorney) will continue existing benefits at the following level:

- Each will continue to receive a car allowance, now at \$500 per month.
- Each will continue to receive a phone allowance – now called a mobile data allowance at \$1,500 per year.
- Each will continue to receive Vacation accrual at the same level as granted by policy or contract. Beginning in FY 18, each will be allowed to convert up to two weeks of ‘vacation leave’ to a payment equal to the value of such ‘vacation time’ in that year. In order to ensure employees are finding a work/life balance, the Chair of the Personnel Committee will sign off on this each year and report to Council.
- Each will continue to be eligible for city Health Insurance. Although, they will be required to make share in premium payments at the level of 15% the cost of the plan. Direct Report Employees will be eligible, as all city employees are, for the wellness benefit and premium discount.
- Sick Leave accrual continues as in the past. All three employees are eligible, effective the beginning of FY18, for the existing Employee Policy that grants conversion of sick leave to cash payments; providing a benefit to not abuse the sick leave policy. Our three employees are not subject to any other criteria for eligibility. At any time a conversion is made under this policy, the Chair of our Personnel Committee must be notified in advance.
- Longevity Pay. The City Policy dictates this for all eligible employees and our employees will continue to participate; although their level of benefit may change based on the voluntary decisions they make regarding a new “retention bonus” as a benefit described below.
- Deferred Compensation Investment program and option will continue; administered as in the past. The City Clerk and City Attorney and City Managers rate will be 10% affective the beginning FY18. This may be allocated invested to any legal and eligible instrument or program offered by the city.

The Council is implementing the following program starting with the beginning of FY18. In the recent past, the City Manager and other employees have been granted a “Retention Bonus”. This bonus was an incentive for the employee to remain at the city. It is now necessary that the benefit is extended or recreated for these employees. As stated above, it is the desire of the Mayor/Council to have stability within city leadership; therefore providing an incentive for the employees to stay provides such stability. It’s a benefit to the citizens. The Retention Bonus is voluntary – in that our three employees would need to agree to freeze LONGEVITY PAY at 1%. It will be paid out each April 1st, so long as each of the three employees complete full time work until that date. This date is selected to ensure the timely and responsible approval of the city budget each year; and early implementation of such issues or projects within that budget. Further, it is selected to ensure successful monitoring and engagement with the State Legislature. The payment can be made as regular income or allocated invested in a retirement or investment account. The Chair of the Personnel Committee must sign off or approve the annual allocation and report to Council. The first payment will be made on or after April 1st, 2018. Payments will be eligible for 5 years, until 2022, or until the employee leaves the city. Each year, the three employee’s rate will go up by one-half of one percentage point. The rate is 3% of total monetary compensation.

The final consideration of compensation issues is salaries. These employees work hard, have a high level of personal ethics, have demonstrated consistent achievements, and are in high demand elsewhere.

Our work is more complicated by the fact that Council has not provided a merit increase in pay for three years. So the committee was challenged to address three years of work, performance, achievement and salary changes. So changes this year should be considered in light of three years rolled up into one increase at this time.

Jeff Lester and Diane Rauh are more seasoned employees and city leaders. They have benefited from merit increases in the past. Therefore, effective at the beginning of FY18, the Council increases their salaries to:

- Jeff Lester, City Attorney to \$198,895. This is the equivalent of 2% merit increase for each of the previous three years.
- Diane Rauh, City Clerk to \$127,019. This is the equivalent of a 2% merit increase for each of the previous three years.
- Scott Sanders has been in his position for just over three years. He has not yet received a merit increase from the Council. As documented above, his performance gets stronger each year. He has developed a regional and national reputation as a strong, data-driven City Manager. He would have many opportunities if he decided to pursue other employment. Currently, Scott is not even in the top two highest paid City Managers in Iowa. In our meeting, he requested his pay be increased to ensure he is one of the two highest paid City Managers in the state. To accomplish this, the Council will raise his salary to \$247,800. This can be seen as similar to the goals of the "step" increases that other city employees are eligible for in their first years in a new position. It is the equivalent of a 4% annual merit increase for each of the previous three years.

After three years of no merit increases, the Council has a desire to ensure the employees who report directly to the Council/Mayor are will into the upper quartiles in the market for such positions. We feel these recommendations accomplish hat goal and prepare ourselves for more modest changes in compensation over the next five years.

This has been a process worthy of three outstanding public servants. We close by thanking Diane, Jeff and Scott for their service and leadership. We admire and value all you bring to the city. We have been fortunate to be recognized for many qualities and accomplishments; such honors are not accidents and would not happen without people who lead by example. Thank you. Congratulations.

Sincerely,

Councilmembers Hensley, Moore and Coleman
City Personnel Committee