

**MINUTES
CITY OF ST. CHARLES
GOVERNMENT OPERATIONS COMMITTEE
ALD. TODD BANCROFT, CHAIR**

**MONDAY, NOVEMBER 20, 2017
IMMEDIATELY FOLLOWING THE CITY COUNCIL MEETING
CITY COUNCIL CHAMBERS – 2 EAST MAIN STREET**

1. Opening of Meeting

The meeting was convened by Chairman Bancroft at 7:17 pm.

2. Roll Call

3. Omnibus Vote

Members Present: Chairman Bancroft, Ald. Stellato, Silkaitis, Payleitner, Lemke, Gaugel, Vitek, Bessner, Lewis

Absent: Ald. Turner

4. Administrative

a. **Video Gaming Statistics – Information Only**

5. Human Resources

a. **Update and findings of the task force established to consider reactivation of the St. Charles Senior Services Commission.**

Jenn McMahon: A few months ago the City Council established a workgroup to look at the Possibility of reactivating the Senior Services Commission that was in place years ago. The workgroup included Ald. Payleitner, Ald. Lewis, Mark Koenen and me. We met several times and reviewed the history of the commission as well as the resources available. We took some action during that time, added some of the brochures highlighting resources to the front desk and City Hall lobby area. The Senior Resources Guide was updated. We educated the front line staff on how to manage inquiries regarding senior services requests. We reached out overlapping taxing districts to identify potential partnership in serving senior citizens, and we created the quick reference guide in case you get a call from one of your constituents and need to refer to the resources.

Ultimately, this workgroup determined that inquiries for resources for senior citizens are best handled at point of contact by the staff. It's more efficient and we can get them in touch with resources fast. At this time the workgroup is not recommending reactivation of the Senior Services Commission. I'm happy to answer any questions.

Ald. Payleitner: Kudos to Jenn and Susan. It was a nice compilation. I hope my colleagues had a chance to look at it. I love that it's simple and just phone numbers. Quick correction,

inside the book it lists the schools; Haines is closed. Secondly, I'm wondering what's next. Will there be a press release put out?

Jenn McMahon: Yes. We talked about working with Lisa Garhan to get information out about the resources available. We should probably do that periodically.

Ald. Lewis: It was a pleasure to work with you, Susan, Rita and Mark on this. We learned a lot. We found that the information was out there. Did you say there are copies of the senior handbook?

Jenn McMahon: It's online.

Mark Koenen: It's in the lobby on the 1st floor.

Ald. Lewis: It will be interesting to see how many people pick it up.

b. Presentation of a Summary Report on Non-union Compensation from Sikich.

Jenn McMahon: About 1 year ago we began working with Sikich to do a compensation analysis and study. That work included a couple phases:

Phase 1 – information gathering.

Phase 2 – Reviewed our comparable community criteria and established the new comparable.

Phase 3 – Sikich has prepared their final report and recommendation on our compensation plan.

What they were charged to do is evaluate our philosophy, our pay plan, how it worked with recruiting and retaining employees, evaluate the marketplace, and identify best management practices and recommendations for improvement on our compensation plan.

I'd like to turn it over to Jennifer Kramer of Sikich and Elliot Dinkin of Cowden Associates (Subcontractor to Sikich) to present their report.

Jennifer Kramer: I appreciate the opportunity to present here tonight. It's been a long journey. We will talk about the steps that were taken and end result. I'll turnover to Elliot Dinkin to go over the information.

Elliot Dinkin: The overall objective it so look at the City's current compensation system and if it was competitive in the market place. What we could identify as improvements, identify areas in the compensation system that are meeting the goal, and give observations of areas for improvement.

From and executive summary standpoint looking at the results of the market place we find that St. Charles enjoys a unique competitive position. A value proposition, from St. Charles perspective is that we're targeting pay at the 75th percentile for all employees, union or non-union. It allows St. Charles to be in a position to attract and retain the highest performers.

Some areas that we have identified to consider for modifications to the pay philosophy:

- Changing the merit practices in order to provide greater pay differentials to top performers.
- Collect detailed market data on compensation by position vs. rank.

As a refresher on the Compensation Philosophy of St. Charles; it's based on the commitment to hire and retain qualified individuals. The Council has determined that the City will lead the market by establishing ranges at the 75th percentile. When we market adjustments what we're talking about is looking at comparable communities and making salary range adjustments based on comparable. It had nothing to do with performance; the idea of what we trying to do is to align internal and external.

We look at total compensation opportunities, base pay, health and welfare, retirement. In total it's an extremely attractive package. When we look at St. Charles compared to other entities. More than half of the comparable market communities use a hybrid of the step system and the merit system. When we look at what St. Charles does, we look at a step increase during the first 5 years with no merit improvement during that period of time. It's a set increase. Beyond that the opportunity to reward employees is more tied to performance, which is the citywide merit as well as individual performance.

What we want to talk about is recommendations to improve this value proposition. We want to communicate clearly that what we're doing is adjusting the salary range maximums. I communicate the performance compensation adjustments once an employee moves beyond the mid-point of the range above the step process.

What we're recommending is that you prioritize the pay for performance vs. the 75th percentile of the market. What we're suggesting is our value proposition should really be that each employee of the City is provided the opportunity to earn compensation at the 75th percentile of the market through the combination of tenure and performance, and that performance is citywide and individual.

The citywide impact could have some more weighting particularly for employees in the higher levels of the organization. It would have greater impact. We also look at the current merit system, adjustments year over year, more should be allocated to the higher performers. Right now there isn't a wide distinction between and individual at the top vs. and individual at the middle. The idea is to provide the higher performers with more upside vs. those who are performing as expected. The total amounts available don't change. How we're splitting up the pie is what we're suggesting.

In order to maintain the idea of being at the 75th percentile we're suggesting that you don't just collect data on pay ranges, but individual positions. As an individual how much I'm being paid vs. the market is more important to me than just the salary ranges. It's a little different of a practice, but as you're looking at different communities, where they put certain employees in ranges may not fit in to your system. We identified a process in order to collect pay data for

individual jobs, not just pay grades.

In addition, what we see is that St. Charles has very little turnover. There is not a lot of differential between the maximum ranges as we go through the grades. If you look there is only about a 9% adjustment. What we're suggesting is that St. Charles considers altering the different pay grades. We have some recommendations for your consideration to get out of this area to have to promote people in order to get more pay. We suggest having fewer grades that are wider. What happens is that over time there will be pay equity issues.

Ald. Payleitner: When looking at the comparable communities; do you just look at salary, or do you compare the benefits package as well?

Elliot Dinkin: For the purpose of this study we only looked at pay. We did not look at benefits. We looked at total compensation and overall competitiveness.

Ald. Payleitner: I see your comment here, where you say it's attractive. I just wondered where we stood with our comparable communities.

Elliot Dinkin: That was just an observation based on our professional experience. We did not do any benefits.

Jenn McMahan: I want to remind the group that part of the recommendations is compensation is constantly changing; it's a work in progress and is something we'll be looking at every three years per the recommendation of Sikich.

6. Information Systems

- a. **Recommendation to approve an agreement with Power System Engineering, Inc. for Utility Billing / Customer Information System requirements consulting services for a not-to-exceed cost of \$58,150.**

Penny Lancor: We are going to be presenting information regarding gathering requirements to replace the City's utility billing and customer information system software. Utility billing is an enterprise application it fulfills a core business process need for the City. There are other enterprise applications used in the City, but tonight we're focusing on the utility billing application.

The utility billing customer information system is a set of data bases and software that allows for management of the data. Its customer information, service addresses, billing addresses, etc., more importantly it's also the rate code for each one of the utilities that each individual customer subscribes to. The process starts at the customer meter where consumption data is gathered. It's sent in to the utility billing customer information system along with the consumption, rate, and customer data, where it does its calculations and produces a bill for the customer. The customer pays through multiple channels where it's posted to the City's financial software. It's an important application. The amount of revenue that flowed through this application for fiscal year 2017 is over \$77M.

Our current software has significant challenges:

- It's been in use for at least 30 years.
- The original software vendor went out of business which necessitated the City to take over support of the software. It's a single employee and a third party contractor maintaining the software.
- It's a character based user interface which is hard to learn and use.
- It doesn't have some of the newer features of current utility software.
- This application runs on an outdated server that needs to be continually maintained. When this application is replaced it will eliminate this server furthering our strategic plan goal to simplify our technology.

Because the process of producing bills and receiving revenue is important, and the significant challenges of the existing software, as well as internal staff lack of familiarity with more current software, the staff recommended engagement with a consultant with expertise in newer utility software. They were to guide us with identifying requirements for a replacement system. Because the utility billing software is tightly tied to meters another important consideration for the consultant is that they have expertise in Smart Grid and AMI technology.

The project we're discussing tonight is to engage a consultant to develop, document and build a list of requirements for replacement software. It's not for obtaining the software at this point. Once we have the list of requirements for Utility Billing and customer information system along with other enterprise applications such as Community Development or Asset Management, they will be combined into a comprehensive enterprise application. That's planned for FY 2019.

At this point I'll turn things over to Larry Gunderson to go over the selection process for the consultant.

Larry Gunderson: We issued a RFP for this project, and received several responses. We focused on 2 main criteria; consultants who had experience with customer based systems, as well as expertise with the meters side of the equation. We did online web based conferences with our top 3 responders. Through that process we determined that only one had the skills need. That responder was Power Systems Engineering; and we brought them in for 2 onsite presentations. Another thing we discovered is that they are able to provide valuable services in 2 major areas that the others couldn't.

Ald. Gaugel: Regarding the budgeted amount. The executive summary shows \$75,000 budgeted, on page 2 of the memo you have the City budgeted \$50,000, and then there is the Public Works portion, which is \$25,000. Are you combining the 2 together to get \$75,000?

Larry Gunderson: The core scope of work we budgeted \$50,000, additionally Public Works had some technology planning for this year. Power System Engineering's proposal addressed those needs, and we were able to combine 2 projects together.

Ald. Lemke: When you say strategic going forward; will this firm have user requirements that would suggest we have the ability if we do this what our revenue will be, how to allocate capital among users, volume and residential? Are we looking for that as well?

Larry Gunderson: Yes, all of the software is going to have that component to it.

Ald. Lemke: My hope is that in doing future studies, instead of having an outside vendor do a rate study, perhaps the software will give us the tools to do that.

Larry Gunderson: As far as a rate study, I think that would be out of the scope of most software. The rate study will provide valuable information regarding the types of service that would potentially be incorporated into our utility billing and customer information software.

Motion by Ald. Stellato, second by Gaugel to recommend for approval an agreement with Power System Engineering, Inc. for Utility Billing / Customer Information System requirements consulting services for a not-to-exceed cost of \$58,150.

Voice Vote: Ayes: Unanimous; Nays: None. Chair Bancroft did not vote as Chair.

Motion Carried.

Motion by Ald. Lemke, second by Stellato to move into Executive Session to discuss Land Acquisition under Property Acquisition at 7:46 pm

Roll Call: Ayes: Gaugel, Vitek, Bessner, Lewis, Stellato, Silkaitis, Payleitner, Lemke; Nays: None. Chrmn. Bancroft did not vote as Chair. **Motion Carried.**

7. Executive Session

- Personnel – 5 ILCS 120/2(c)(1)
- Pending Litigation – 5 ILCS 120/2(c)(11)
- Probable or Imminent Litigation – 5 ILCS 120/2(c)(11)
- Property Acquisition – 5 ILCS 120/2(c)(5)
- Collective Bargaining – 5 ILCS 120/2(c)(2)
- Review of Executive Session Minutes – 5 ILCS 120/2(c)(21)

Motion by Ald. Stellato, second by Lemke to come out of executive session 8:23 pm.

Voice Vote: Ayes: Unanimous; Nays: None. Chair Bancroft did not vote as Chair. **Motion Carried.**

8. Additional Items from Mayor, Council, Staff, or Citizens.

9. Adjournment

Motion by Ald. Stellato, second by Turner to adjourn the meeting at 8:23 pm.

Voice Vote: Ayes: Unanimous; Nays: None. Chair Bancroft did not vote as Chair.

Motion Carried.

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ADA Compliance

Any individual with a disability requesting a reasonable accommodation in order to participate in a public meeting should contact the ADA Coordinator, Jennifer McMahon, at least 48 hours in advance of the scheduled meeting. The ADA Coordinator can be reached in person at 2 East Main Street, St. Charles, IL, via telephone at (630) 377 4446 or 800 526 0844 (TDD), or via e-mail at jmcmahon@stcharlesil.gov. Every effort will be made to allow for meeting participation. Notices of this meeting were posted consistent with the requirements of 5 ILCS 120/1 et seq. (Open Meetings Act).