Finance Commission Agenda

Tuesday, October 10, 2023
6:30 PM
City Council Chambers

(Any times listed are approximate – please note that items may be earlier or later than listed on the agenda)

1. **Roll Call**
2. **Receive Public Comment**
3. **Approval of Meeting Minutes**
   a. Approve minutes
4. **Business Items**
   a. Receive Position Classification & Compensation Study Report
   b. Receive Finance Commission Recommendations Tracking Report
   c. Update on Council adopted 2024 Preliminary Budget & Tax Levy
   d. Review and adopt recommendation on the 2024 proposed utility rates
5. **Other Business**
   a. Staff update
   b. Future meeting topics and work plan
6. **Adjourn**

Roseville Finance Commission
Agenda Item

DATE: October 10, 2023 **ITEM:** 3.a.

ITEM DESCRIPTION: Approve minutes

Background

As an advisory commission to the City Council, the Finance Commission's discussions and recommendations play an important role in setting City policies and influencing decisions on programs and services.

To ensure an accurate historical account of the Finance Commission's activities are preserved, the City maintains a practice of keeping meeting minutes. The attached file contains the draft minutes from the September 12, 2023 meeting. The Commission is asked to review the minutes and identify any typos, errors or inaccuracies of the discussion that took place.

Where applicable, Commission members are asked to identify any necessary corrections at the meeting. The Commission should subsequently vote to approve the amended (if necessary) minutes. Once the minutes are approved, they become part of the City's permanent records.

Recommendation

Review the draft minutes.

Requested Commission Action

Amend (as necessary) and approve the Finance Commission meeting minutes for the September 12, 2023 meeting.

Attachments

1. FC 09.12.2023

Finance Commission
Meeting Minutes
DRAFT – September 12, 2023 - DRAFT

Roll Call/Announcements

The Finance Commission (FC) meeting was called to order at 6:30 p.m. Chair Davies called the roll.

Commissioners Present: Bruce Bester, Wanda Davies, Karin Derauf, and Dan Sagisser

Commissioners Absent: Siafa Barclay, Joe Tupy, and Sadiq Dahir

Staff Present: Finance Director Michelle Pietrick

Receive Public Comments

There being no one present wishing to speak to the Commission on an item not on the agenda, the Chair moved to the next agenda item.

Approval of Meeting Minutes

Commissioner Bester moved, seconded by Commissioner Sagisser, to approve the August 23, 2023 meeting minutes as presented. **The motion carried unanimously.**

Receive Finance Commission Recommendations Tracking Report

Commissioner Bester reviewed the recommended tracking report.

Establish Recommendation on the 2024 City Manager Budget and Tax Levy

Finance Director Pietrick reviewed the 2024 City Manager budget and tax levy with the Commission. She noted staff received the tax base information from the County that was not available at the last meeting. She explained staff calculated the estimated impact of the City Manager's current budget and tax levy which results in an increase of $8.00 per month or a 7.9% increase. The City also has an EDA tax levy, which is actually going down sixteen cents a month. The combined change on a monthly basis is $7.84. The annual change on the median valued home is $94.08 increase for the year. She noted these are estimates based on data staff has at this time.

Commissioner Derauf asked what the median value is.

Ms. Pietrick indicated she did not have that number off the top of her head.

Commissioner Bester thought it was $349,900.

Ms. Pietrick explained one of the things discussed in August was the fact that the growth in the residential property did not go up as much as the overall impact. The current budget has a levy increase of 8.99% but the homeowner of a median valued home will see a lower percent increase.

Chair Davies indicated commercial is presumably carrying a bigger load.

Ms. Pietrick indicated that was correct. She noted that the majority of cities present the tax impact based on the median valued home and this is a homesteaded home versus a non-homesteaded home because a non-homesteaded home would pay more. There are various categories of property -residential, apartments, commercial, industrial, and then other properties. If you look at the total taxable assessed values and divided it into residential and everybody else, everybody else is growing at a faster rate than residential. That is an inverse of last year where the residential value went up by almost 13%. She indicated Commissioner Bester asked some questions and she tried to answer them, the Minnesota tax system is not easy to understand to begin with, and when she started trying to look at the impact to a commercial property it was complicated as there are many different categories and tax rate impacts.

Ms. Pietrick explained the tax base the City uses is referred to as the net tax capacity by staff. In 2020 the net tax capacity for all property was $54 billion dollars. The estimated 2024 net tax capacity is $71 billion dollars. Over the course of time, it has increased significantly. 2020 increased by 7.6% over 2019, 2021 increased 9.3%, 2022 increased 2.6%, 2023 increased 10.2% and the estimated 2024 is a 5.9% increase. That is the entire tax base of the City, residential, commercial, industrial, apartments. Every property type changed at different rates but based on estimates, commercial is probably going to see a bigger increase than it did in 2022.

Ms. Pietrick noted over the last five years the median valued home has increased $77,000. She explained that the total impact to the median value home, the $96.00 per year, actually can be broken down to how much is related to the value increase versus the budget increase and for 2024 $54.00 is due to the value increase in that property and $42.00 is due to the increase in budget and tax levy dollars needed to balance the budget.

Ms. Pietrick indicated last year there was a $108.00 increase for the year for the median value home. $140.00 was value impact and minus $32.00 was the budget impact. What she is trying to say is value changes can have a big swing in what an individual property sees, and the median value is the midpoint on a residence, half of the residential properties are below that and half are over.

Ms. Pietrick noted over the past five years the local tax rate really has not adjusted by much, maybe half a point.

Chair Davies asked if Ms. Pietrick had a sense, the commercial end of it, is that coming from new businesses that are coming to Roseville or is it just that the commercial property is more valuable.

Ms. Pietrick indicated that commercial property is has increased in value, on the apartment side the City had some big ones come on board and are in tax increment districts. She explained what tax increment meant.

Commissioner Bester explained he had been in discussions with Ms. Pietrick and the essence of his question to her was if he looked at the annual financial statement, looked at the ten-year history of the assessed value of properties, commercial versus residential, commercial which includes apartments, have approximately doubled in the ten year period and not the case with residential which he thought made sense. His expectation and hope was that the 8.99% levy increase would be less than that for residential because of the growth in commercial and multi-family and it is true, it is 7.6% instead of 8.99%. Honestly, he was hoping for more than that based on looking at all of the development that goes on. He was looking for some assessed value information for commercial.

Ms. Pietrick indicated she has an email into the County because the City was not provided with that level of detail on property valuations.

Ms. Pietrick continued with her review of the 2024 City Manager Budget and Tax Levy.

Chair Davies indicated on page 35, the budget summary by function and administration is increasing by almost fifty-four percent. She wondered if that is due to the compensation study.

Ms. Pietrick explained the reason that is increasing is because the IT operating fund is now a part of administration. She reviewed in the information where the change was made.

Chair Davies wondered why under the police section community services is increasing by forty-seven percent. She wondered if that is the social worker that is no longer funded.

Ms. Pietrick explained the housing navigator would be a part of police administration. She explained in the community services section the administrative CSO went from a .8 fte to a full time equivalent of one which increased the budget by about $18,500 and then the animal hospital contract increased by almost $15,000.

Chair Davies asked on page 36, what was the building replacement fund increase of $574,000 for.

Ms. Pietrick explained in the building replacement fund, the biggest items are replacing the rooftop heat/ac unit on City Hall; the heating boilers in the Police Department building; and compressors at the Ice OVAL as well as three items at the OVAL that are part of State Bonding request. Those items were offset with State Bonding revenue but the City did not get the State

Bonding so these items will be moved to 2025. The expenses and the revenues will both move to 2025.

Chair Davies indicated the golf course is losing money and she wondered if there was a plan or an idea how to stop the drain on the City budget.

Ms. Pietrick explained the capital was moved over to the facilities fund and she thought staff was a little conservative in the revenue projections for 2024 as revenues have been trending higher.

Chair Davies explained the golf course has negative net assets and more red ink.

Ms. Pietrick explained the problem with the net assets is that it is an enterprise fund and staff is required to record depreciation on the building and equipment. If this was not a requirement, the operations would just about break even.

Commissioner Bester explained he struggles with this because if he uses the City tennis courts, he does not pay a nickel but if he were to go to the City golf course, he would need to pay a fee.

Chair Davies thought it was a good point. They do not expect the rest of the parks to show a profit or to break even.

Ms. Pietrick explained Central Park uses tax dollars to pay for the park.

Chair Davies agreed but the thing is there is no fee associated with using Central Park. The City does not look at how much income comes into Central Park versus how much it costs to maintain it, whereas the golf course they do.

Commissioner Sagisser thought it was probably because the golf course collects fees to use it and that everyone has the expectation that it would break even.

Chair Davies thought maybe they should adjust thinking to consider it to be a part of the City's recreation amenities, because it is relatively more expensive, people do pay fees but nevertheless it is ok if it does not cover all of the costs because it provides a recreational service to people.

Ms. Pietrick noted golf is not the only thing people do on that property. In the winter people do use the course to cross-country ski and snowshoe. It is not just a golf course; it is a park amenity, and it has a Community building available for rental.

Chair Davies appreciated Ms. Pietrick's attention to detail. She asked if the Commission was ready to make a recommendation in favor of the budget as written. She noted she has not heard any discussion of things that should be changed.

The Commission concurred that they would like to see the tax levy be reduced but agreed that inflation was a factor and the 2023 budget was underestimated.

Ms. Pietrick reviewed some of the resources the City has used to reduce costs throughout the year.

Commissioner Bester moved, seconded by Commissioner Sagisser to recommend the City Council approve the 2024 City Manager Budget and Tax Levy as written. **The motion carried unanimously.**

Establish Recommendation on the 2024-2043 Capital Improvement Plan

Finance Director Pietrick reviewed the 2024-2043 Capital Improvement Plan.

Chair Davies stated her only thought, as a result of the tour is she knows when she looks at what she spends for a vehicle, it is a lot more expensive to have a brand-new car than to drive one that is ten years old, even though you need to spend more for maintenance. She was surprised and a little taken aback that the City has exclusively new dump trucks that are being driven for 50,000 miles and not trying to get more life out of those. She was not going to recommend this Capital Improvement Plan, but it is something that they might want to discuss to see a little bit more analysis that really demonstrates that it is the most cost-effective thing or is it because Public Works wants brand new trucks.

Commissioner Sagisser explained even if it is that Public Works just wants brand new trucks, if the trucks are costing a fortune and it is taking forever to get them, has the math changed in the last year than what it has been in the last fifteen or twenty years.

Ms. Pietrick explained staff has been analyzing lease options that come with an interest component. The lead time on vehicles is over a year and a half so even if the plan says to replace it at ten years, the City is having to hold them longer, simply because the City is not allowed more than one vehicle off the State contract currently because there is a shortage of vehicles and all cities are looking for police cars, dump trucks, plow trucks, all those pieces of equipment. She indicated she can talk to Public Works Director Freihammer about when they last updated the cost analysis.

Chair Davies indicated this topic could go on a future agenda for discussion after more information is received.

Commissioner Davies moved, seconded by Commissioner Derauf, to recommend the City Council approve the Capital Improvement Plan. **The motion carried unanimously.**

Staff Update

Chair Davies indicated she will present the Commission recommendations at the September 18, 2023 City Council meeting.

Ms. Pietrick updated the Commission on City Council approvals made.

Identify Discussion Items for the Future Meeting

Chair Davies stated the next agenda would include discussions on the work plan, looking at the utility rates in October and a discussion on City vehicles in November.

Adjourn

Commissioner Sagisser made a motion, seconded by Commissioner Derauf to adjourn. The m**otion passed unanimously.**

Meeting adjourned at 7:59 p.m.

Roseville Finance Commission
Agenda Item

DATE: October 10, 2023 **ITEM:** 4.a.

ITEM DESCRIPTION: Receive Position Classification & Compensation Study Report

Background
The Council approved hiring a consultant to conduct a city-wide classification and compensation study. Classification and compensation studies review internal equity (pay relationships between positions) and external competitiveness (pay relationships with labor market competitors).

The City Manager will present the results of the classification and compensation study to the Finance Commission.

Recommendation
Receive the report.

Requested Commission Action
For review and discussion purposes only. No formal Commission action is necessary.

Attachments
1. Attachment 1 - Classification and Compensation Study Packet

ROSEVILLE

REQUEST FOR COUNCIL ACTION

Date: 10/9/2023
Item No.: 7.k.

Department Approval	City Manager Approval

Item Description: Receive Position Classification & Compensation Study Report

Background

As part of the 2023 budget process, Council set aside funds to hire a consultant to conduct a city-wide classification and compensation study. Classification and compensation studies review internal equity (pay relationships between positions) and external competitiveness (pay relationships with labor market competitors). Classification and compensation plans group positions on the basis of uniform criteria. It then allocates positions to salary grades which are determined through market analysis.

At the February 27, 2023 meeting, Council authorized a contract with Abdo Solutions to conduct a classification and compensation study to accomplish a variety of important strategic priorities, including full job description review and updates, an analysis of the current municipal compensation markets, and a review of current and potential Minnesota Pay Equity compliance requirements. The city last conducted a formal independent study in 2012-13.

On April 17, 2023, the Council received a presentation from Abdo and discussed their desired pay philosophy and position within the market.

On May 15, 2023, the Council outlined the specific cities to use for the market analysis as part of the study.

Since that time, staff and the consultant have completed the following:

1. Worked with each staff member, supervisor, and department head to review and update individual job descriptions. These updated job descriptions served as a strong foundation for the position scoring for the new system.
2. The consultant reviewed, analyzed and scored each position based on their scoring methodology - a plan adapted from the State of Minnesota Hay Method. The scoring analysis was based on the following categories: Know-How, Problem Solving, Accountability, and Special Conditions.
3. The consultant conducted a market study of comparable government entities as determined by the City Council. These entities were chosen based on several factors such as comparable size, complexity, geographic location, proximity to Minneapolis/St. Paul city centers, budgets, demographics, daytime population and commercial/retail volume. The cities that were selected as comparable cities are listed below:

Brooklyn Center	Burnsville	Coon Rapids	Eagan	Edina
Fridley	Maplewood	Minnetonka	New Brighton	Oakdale
Richfield	St. Louis Park			

Some of the key market wage analysis findings are:

- All market and wage data is based on **2023 compensation scales**. Many cities approve an annual Cost of Living Adjustment (COLA) and will plan to do so for a January 1, 2024 effective date. It should be noted that if Roseville's COLA for 2024 is less than those of comparable cities, current market variances would continue to grow.
- Although union employees were included in the market survey, and those positions represented by collective bargaining agreements were scored, those positions would not be placed in the compensation salary system as union employee wages must be negotiated.
- Current non-union pay range minimums for each position were, on average, 8.00% below the market minimum pay for similar positions.
- Current non-union pay range maximums for each position were, on average, 10.30% below the market maximum pay for similar positions.

Pay Equity

Minnesota Chapter 3920 establishes the Pay Equity rules that local government entities must adhere to. Pay equity laws are meant to eliminate any gender-based wage inequities in compensation. Local governments are required to submit reports to Minnesota Management and Budget every 3 years to determine if their compensation systems are in compliance with these laws. As part of this study, the consultant tested the city's current structure in the pay equity system and it was determined to be out of compliance. It should be noted that the last few reports the city was required to submit were also out of compliance and steps had to be taken in order to update the system to be in compliance. This was another reason for undertaking a classification study. The amendments to the system demonstrate the need to update and revise the structure in order to maintain compliance with pay equity rules. The proposed compensation system has been tested and was found it meets all of the compliance regulations at this time. With any future changes to compensation, including the impact of collective bargaining agreements, the city will need to retest to ensure compliance.

Implementation

The next step in this process is to consider implementation of the compensation system. As we move forward, it is essential to acknowledge the thoroughness of the approach and methodology and the careful consideration given to various options during the process. The study, as outlined in the attached report, encompassed a wide array of critical aspects. Furthermore, the market analysis, including the selection of comparable cities and examination of current wage disparities, has provided valuable insight into the external competitiveness of our compensation structure.

When considering the final recommendation by the consultant and staff, multiple implementation approaches were considered. Various options were evaluated, each with its own merits and challenges. The ultimate goal in recommending the implementation approach was to align the city's priorities with attracting and retaining a qualified, talented workforce and position itself competitively within the market, while balancing the city's fiscal responsibility and budget priorities for the community.

Working collaboratively, the consultant and staff recommend the following approach to implement a new classification and compensation structure. Staff has taken great strides to also balance this approach with the understanding that several of the city's union contracts expire at the end of 2023 and must be negotiated for 2024 and beyond. These negotiations play a crucial role in determining compensation, benefits and working conditions of a significant portion of our workforce.

The total cost of implementation of the classification and compensation study was built based on Abdo building cost models for part of the transition to the new compensation system. They are as follows:

<u>Step 1: Transition into Proposed Step and Grade Structure</u>

Adopt the new step and grade structure. Place employees at the step that is closest to their current wage in the new system, without a decrease in pay. This assumes that employees that are currently being compensated at a level that is higher than their newly proposed range would remain at their current rate of pay.

Cost to implement: $213,800.00

Step 2: 2024 Cost of Living Adjustment and Market Penetration Adjustment

Adopt a 3% Cost of Living Adjustment (COLA) effective January 1, 2024. This COLA would be applied to the newly adopted step and grade structure. This COLA would maintain the market position of the newly adopted system. Without a COLA, market variances would continue to grow. This step also includes a market penetration adjustment for those employees who are eligible. Because of the new wage structure, there are some long-term employees who, without the adjustment, would be placed at the same step as new employees. This adjusts the employee to a similar penetration level of the new grade system to reflect their previous level and experience. However, after a thorough examination of financial implications, it was determined that moving all employees to a step that aligns precisely with their years of experience from the previous system would be significantly more expensive, and therefore staff has sought to strike a balance between recognizing employee experience and ensuring fiscal sustainability of our compensation system. While it is our intention to acknowledge employees for their results and years of dedicated service, we must be mindful of the overall financial impact on the city. Therefore employees may not be placed at the precise step that they were at in the previous system, but longer-tenured employees will have their starting location in the new system adjusted based on years of service with the City.

Cost to implement: $422,700.00

Step 3: 2024 Annual Step increases

Employees would continue to be eligible for step increases annually on their position start date anniversary.

Cost to implement: $121,600.00

Total cost of the implementation: **$758,100.00.** It is important to note that the only "new" costs are those associated with adopting the new structure and moving employees into that system (Phase 1), and part of the dollars from Phase 2. The other costs associated with step increases (Phase 3) and an annual COLA occur every year and are incorporated into the budget recommendations annually.

Policy Objectives

The city's mission is to provide ethical, efficient, and responsive local government, in support of community aspirations, guided by the policies of the City Council, and implemented by professional staff, to ensure that Roseville remains strong, vibrant, and sustainable for current and future generations. Additionally, the city adopted a Strategic Racial Equity Action Plan that includes high-impact areas in which to make measurable improvements, including diversifying the city's workforce to mirror the population we serve. The objective is to implement a compensation and classification system that will enhance employee engagement and satisfaction and attract and retain a diverse and highly qualified workforce.

Racial Equity Impact Summary

Although no formal racial equity analysis was undertaken throughout this process, the Minnesota Pay Equity law outlines that a local government must be in compliance to eliminate any gender-based wage inequities. Our current system, without changes would not be in compliance with the Pay Equity reporting. The proposed system would update our compensation structure and without any other changes, would position the city to be in compliance.

Budget Implications

Based on the approach listed above, the cost for the implementation in 2024 would be $758,100.00. This amount includes the three steps listed above.

Staff Recommendations

Implementing a new classification and compensation system addresses critical needs within our organization and ensures the continued success and efficiency of our city's operations. The City Manager has provided a memo (Attached) that provides greater detail on the reasons why he is recommending that the classification and compensation should be implemented as presented.

At this point, Council is being asked to receive the report. Knowing that there is a lot of information included in the report, staff wanted to give Council an opportunity to ask questions of the consultant prior to making a decision. Staff will bring back an agenda item at the October 23, 2023 meeting requesting the Council adopt the implementation of the classification and compensation system in order to allow staff enough time to update materials and systems prior to January 1, 2024.

Requested Council Action
Receive the report.

Prepared by:	Rebecca Olson, Assistant City Manager 651-792-446 Patrick Trudgeon, City Manager 651-792-7021	
Attachments:	1.	City Manager Memo
	2.	Classification & Comp Study Report

ROSEVILLE

City Manager's Office

Memo

To: Mayor and City Council

cc: Department Heads

From: Patrick Trudgeon, City Manager

Date: October 4, 2023

Re: Implementation of Classification and Compensation Study

At the October 9 City Council meeting, you will be receiving the results from Abdo's classification and compensation study for the City of Roseville and will be presented the costs to implement the study. As you know, the costs to implement the study have been included as part of my 2024 budget proposal.

The final report indicates that Roseville employees' wages lag behind our comparison cities for non-union and union positions. For non-union employees, the pay range minimums were on average 8% below market and pay range maximum were 10.3% below market. We are also behind the market for union positions as well.

This is not necessarily a surprise as our previous pay plan structure was pegged to be slightly below market. (This study represents being at 100% of the market). As a result of the current pay plan, I have found it has been challenging to attract experienced candidates. Often when we are recruiting for a position, more times than not, our pay range is less than another city that is advertising a similar vacancy. In other cases, we struggle to keep our existing employees with the city due to the limitations of our current wage plan. While wages are not the only reason that people decide to work and stay employed with Roseville, the wage imbalance factors into candidate and employee decisions more and more.

With the completion of the classification and compensation study by Abdo, we now have the necessary market data to implement a compensation system that is competitive within the local government market.

The cost to properly implement the classification and compensation plan is a major investment for the City, one that I believe is critical to ensure our organization continues to provide the quality programs, services, and infrastructure that our taxpayers pay for and expect in return.

Similar to investing resources into our programs, services, and infrastructure, we need to be investing in our human capital. As we often experience with infrastructure, when the costs to address issues is ignored for too long, the amount of resources needed to correct the problem is very large. As a result, staff and City Council often struggle to provide enough resources to take care of all of those needs.

We are at that critical point with employee wages. After going 10 years since the last market compensation study and 20 years from doing the last classification study, we are significantly behind the market.

As discussed previously, this is not a new problem, but one that has been building for years. The market adjustment doing in 2014 was helpful, but for non-union staff, the lack of competitive COLAs in past budgets has meant that our staff has fallen further behind their peers. Over the past couple of years, many cities have done market studies which has resulted in increased wages in local government. Lastly, the disruption of COVID-19 and its subsequent ripple effect in the economy and work force has also put upwards pressure on wages.

So with that in mind, I am requesting that the City Council implement the new classification and compensation plan as presented in Abdo's final report. As noted in the Request for Council Action, the cost to implement the non-union portion of the study is $758,100. Of that cost, only Phase 1 (moving non-union employees into the new wage structure) and a portion of Phase 2 (the market position adjustment for longer-tenured employees) are totally new costs for the 2024 budget. The remaining costs to implement the plan (Cost of Living Adjustment and Annual Step increases) occur every year and are built into every year's budget, including the proposed 2024 budget.

With these costs in mind and the currently open contracts with the firefighter and police unions, I am not recommending we reduce the preliminary levy at this time. Our other four unions have contracts through 2024. Based on our completed classification and compensation study, they may ask for their contracts to be re-opened.

Throughout the consideration of wage structure options, I have been very aware of the available resources we can put towards implementation. The costs for moving forward with implementing the classification and compensation study may be higher than the City Council would like to see, but I strongly believe that it is a necessary investment to ensure our residents and businesses receive quality local government services. I am confident that the investment in the new classification and compensation plan will overall be a benefit to the community.

I look forward to reviewing the findings of the study with City Council on October 9 and working together with you to implement a competitive classification and compensation system for City of Roseville employees.

Position Classification & Compensation Study Report

City of Roseville, Minnesota

October 9, 2023

Abdo
Lighting the path forward

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F 952.835.3261

Mankato Office
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Mankato, MN 56001
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October 9, 2023

City of Roseville
2660 Civic Center Drive
Roseville, MN 55113

Executive Summary

Abdo was contracted by the City of Roseville to provide an independent position classification and compensation study to accomplish a variety of important strategic priorities, including full job description review and updates, an analysis of the current municipal compensation markets, a comparison of benefits offerings between municipalities, and a review of current and potential Minnesota Pay Equity compliance requirements. The City last conducted a formal independent position classification and compensation study many years ago and has experienced growth, changes in its workforce and operations, challenges finding and retaining skilled employees, the addition of a full-time Fire Department, and increased market competition for employees from neighboring cities.

As part of our study, Abdo worked closely with the City to review updated position descriptions provided for each current and proposed future position and conducted a Fair Labor Standards Act (FLSA) review to support the overtime exemption election for all applicable existing positions. FLSA testing checklists and results were provided to the City separate from this report.

To achieve the objectives set forth in our project scope of work, we completed a scoring exercise using the Abdo Scoring Methodology, which aligns with the Minnesota Hay Method. Using this model, each position was given a score in the following categories; Know-How, Problem Solving, Accountability and Special Conditions. These categories are intended to measure and rank the level of knowledge, skills, influence and impact on City operations for each position.

To complete the evaluation and scoring of Roseville positions, we reviewed the organizational structure, updated job descriptions, and requested additional information and clarification from City leadership, as needed. Upon completing the scoring of positions and conducting pay equity testing, our firm also completed a market wage analysis to compare the City's current wage scale, by position, to the comparable public employee wage market in Minnesota.

The market analysis consisted of analyzing salary and benefit data from comparable local governments in Minnesota by directly soliciting data from identified municipalities and, for a few positions, reviewing municipal salary data published by the League of Minnesota Cities (LMC) through their 2022 (aged) annual salary survey and utilizing municipal wage data from the Economic Research Institute (ERI) database.

Although Abdo completed the position classification and compensation analysis as an independent party, City leadership staff, including department heads, were very involved throughout all phases of the study and provided significant information, insight, and clarification related to job description development, interpretation of position responsibilities related to scoring, and overall compensation structure design aspects. This collaboration was critical to the process and improved the level of accuracy, customization, and applicability of all project deliverables.

The results of both the classification (position scoring) and compensation analysis follow.

Methodology

Since the last study was completed in 2013, the City has relied upon the independently developed step and grade compensation model for each position and has performed its own informal compensation analysis on a regular basis to remain competitive. While some positions may have been paid higher or lower than the predicted pay scale, the City has historically been in compliance with the Minnesota Pay Equity Act, submitting its most recent reporting, with adjustments, in 2021. The City will be required to submit their next Pay Equity Report in January 2024.

In recent years, the City has experienced a change in workforce and challenges finding skilled workers which has impacted both the job duties and wage demands for many positions. In light of these organizational changes and staffing challenges, the City of Roseville determined that a formal, independent, system-wide position reclassification and market wage analysis was again necessary to assist executive leadership in establishing a new, logical and justifiable employee wage and salary framework to build upon into the future.

Scoring Analysis – Abdo Scoring Methodology

This section reflects the review, analysis and scoring of all Roseville positions. To complete this task Abdo used updated job description information for current positions, based on direction from the City. Our firm reviewed the job descriptions and solicited necessary feedback from City representatives to gain the insight needed to accurately score each position. Scoring was completed using the Abdo Scoring Methodology, a plan adapted from the State of Minnesota Hay Method. The model assigned each position a score in the following categories (adapted from the State of Minnesota 2009 Hay Manual): Know-How, Problem Solving, Accountability, and Special Conditions.

Know-How represents the knowledge, skills and abilities (KSAs) an employee needs to be successful in a particular job. The Hay Method places the greatest emphasis on Know-How. Know-How is defined as an expert skill, information or body of knowledge that imparts an ability to cause a desired result. The Know-How category is the most heavily weighted category. If a position is more easily learned, the position will point toward the lower end of the scale.

Know-How category is further divided into three parts: Depth and Breadth of Job-Specific Knowledge (aka Technical and Specialized Know-How and Job-Specific Knowledge); Integrating Know-How (aka Managerial Breadth or Know-How); and Human Relation Skills (aka Human Relations Know-How). A number is assigned for total Know-How points by making several separate choices for each of the three elements described and an overall assessment.

Job-Specific Knowledge includes the position's requirements for knowledge and skills related to practices, procedures, specialized techniques and professional disciplines. It also includes basic and job-specific supervisory and managerial knowledge, skills, and abilities (KSAs), when appropriate. This aspect of Know-How does not make distinctions among differently sized managerial jobs nor does it include human relation skills. It is important to remember that this element measures the requirements of the position, not the qualifications of an incumbent.

Integrating Know-How considers the need to integrate and manage progressively more diverse functions and is used to rank managerial breadth and scope, from similar to very different functions. When required, basic and job-specific supervisory and managerial knowledge, skills and abilities are included in the Job-Specific part of a Know-How rating. The overall size of an organization directly influences the number of managerial breath categories, because the organizational size often reflects requirements for increased managerial complexity and diversity.

Human Relation Skills is the third element of a job's Know-How rating. It is the active, practicing interpersonal skills typically required for productive working relationships to work with, or through, others inside and/or outside of the organization to get work accomplished. It assumes that each job requires a foundation of basic human relations skills. To be effective, an employee must typically be proficient at the highest level of Human Relations Skill regularly required for the position.

Problem Solving is the process of working through details of a problem to reach a solution. Problem solving may include mathematical or systematic operations and can be a gauge of an individual's critical thinking skills. Problem Solving measures the intensity of the mental process that uses Know-How to: (1) identify, (2) define, and (3) resolve problems. It is a percentage of Know-How, reflecting the fact that "you think with what you know." This is true of even the most creative work. Ideas are put together from something already there. The raw material of any thinking is knowledge of facts, principles and means.

Context includes the influences or environment that limit or guide decision-making such as rules, instructions, procedures, standards, policies, principles from fields of science and academic disciplines. Positions are guided by organizational, departmental or functional goals, policies, objectives and practices circumscribed by procedures and instructions. In general, policies describe the "what" of a subject matter, procedures detail the steps needed to follow through on a policy (i.e., how, where, when, by whom) and instructions outline the specific aspects of how to perform the tasks, such as the operation of a machine or how to select the appropriate letters to use in particular situations.

Thinking Challenge includes the nature of the problems encountered and the mental processes used to resolve the problems. The scale ranges from simple problems to very complex issues, with the premise that simple issues recur regularly in the same form and after a while are resolved by rote or instinct, but very difficult issues require substantial thinking and deliberation. The types of situations encountered and the processes involved in identifying, defining or resolving related problems are considered. Thinking Challenge reflects the degree of difficulty in finding improvements and adapting to changes.

Accountability does not mean being responsible for getting one's own work done. Rather, it reflects responsibility for actions and their consequences and the measured effect of the job on end results for the organization. Accountability includes three factors: Freedom to Act/Empowerment, Magnitude, and Job Impact.

Freedom to Act/Empowerment involves the degree of personal or procedural control or guidance exercised over the position. For example, what constraints are put on an employee in this job? How closely supervised is the position? What kinds of decisions are made higher up in the organization?

Magnitude is the portion of the total organization encompassed by the position's primary purpose. It's most typically indicated by the general dollar size of the area(s) most directly affected by the job, i.e., the resources over which the position has control or influence. A variety of factors are considered such as size of budget is employee responsible for, what degree of influence is held and is this person a decision maker.

Job Impact is considered to be indirect (indirect or contributory) or direct and measurable (shared or primary). It involves the way in which the position's actions affect end results in the agency. For example, how does the employee influence the business - directly or indirectly? Does the employee provide advisory or interpretive services for others to use in making decisions? Is the job an information-recording one? Does it provide a necessary service with a relatively small effect on the business of the agency? "Contributory" and "primary" are, by far, the most frequently used options."

Special Conditions consider the physical effort, environmental conditions, hazard exposure, and sensory attention demands that an employee is commonly subject to in the position. For example, two positions may be assigned identical points in all other areas but the position that is regularly required to work in extreme outdoor conditions (i.e., heat or extreme cold) would receive additional points for these factors.

The work associated with this scoring represents the primary work conducted for this assignment, which is to review positions and functions and provide a consistent measurement and "scoring" of functions and responsibilities within the municipality.

Findings and Recommendations

Position Points

Table 1 represents the total score assigned to each non-union position based on the Abdo Methodology discussed.

Table 1: Position Classification and Point Assignment

Position Title	Department	New Grade
Receptionist	Finance Admin	3
Customer Service Representative	Park & Rec	6
Police Cadet	Police	6
Community Service Officer (CSO)	Police	6
Firefighter Cadet	Fire	6
Customer Service Representative/Permit Technician	Comm Dev	7
Accounting Technician I	Finance Admin	7
Office Assistant - Police	Police	7
Office Assistant - Public Works	Public Works	7
License Center Representative - Motor Vehicle	License Center	7
License Center Representative - Passport	License Center	7
Department Assistant - Community Development	Comm Dev	8
Department Assistant - Zoning, Planning & Economic Development	Comm Dev	8
Department Assistant - Planning & Economic Development Authority	Comm Dev	8
Department Assistant - Building & Inspections	Comm Dev	8
Utility Billing Clerk	Finance Admin	8
Department Assistant - Parks & Recreation	Park & Rec	8
Police Records Technician	Police	8
Accounting Technician II	Finance Admin	8
Administrative Community Service Officer (CSO)	Police	8
Human Resources Assistant	Administration	9
Administrative Coordinator - Fire Department	Fire	9
Code Compliance Officer	Comm Dev	9
Forestry Coordinator	Park & Rec	11
Accounting Technician III	Finance Admin	11
Police Records Technician II	Police	11
Lead License Center Representative	License Center	11
Lead Passport & Auto Dealer Representative	License Center	11
Property Room and Investigations Technician	Police	12
Engineering Technician III	Public Works	12
Right of Way Coordinator	Public Works	12
Building Inspector	Comm Dev	13
Code Compliance Coordinator	Comm Dev	13
Sustainability Specialist	Public Works	13
Deputy City Clerk	Administration	13
Administrative Coordinator - Police Department	Police	13
Accountant	Finance Admin	13
Database Specialist	Public Works	13
Engineering Project Coordinator	Public Works	13
Volunteer Manager	Administration	13
Geographic Information Systems (GIS) Coordinator	Public Works	13

Motor Vehicle Supervisor	License Center	13
Passport Supervisor	License Center	13
Economic Development + Geographic Information Systems (GIS) Specialist	Comm Dev	13
Investigative Analyst	Police	13
Recreation Program Supervisor - Adult Leagues & Outdoor Field Rentals	Park & Rec	13
Recreation Program Supervisor - Cedarholm Community Bldg. & Golf Course	Park & Rec	13
Recreation Program Supervisor - Facilities	Park & Rec	13
Recreation Program Supervisor - Gymnastics	Park & Rec	13
Recreation Program Supervisor - Nature Center	Park & Rec	13
Recreation Program Supervisor - Youth Programs	Park & Rec	13
Recreation Program Supervisor - Skating Center	Park & Rec	13
Community Relations Coordinator	Administration	13
Community Relations Specialist	Administration	13
Community Relations Specialist - Police	Police	13
Homeless Outreach and Housing Navigator	Police	14
Senior Planner	Comm Dev	14
Human Resources Generalist	Administration	15
Civil Engineer	Public Works	15
Senior Project Coordinator	Public Works	15
Housing & Economic Development Program Manager	Comm Dev	16
Assistant Building Official	Comm Dev	16
Environmental Manager	Public Works	17
Support Services Manager	Police	18
Community Relations Manager	Administration	18
License Center Manager	License Center	18
Golf Course Superintendent	Park & Rec	18
Recreation Superintendent	Park & Rec	18
Skating Center Superintendent	Park & Rec	18
Equity and Inclusion Manager	Administration	18
City Planner	Comm Dev	18
Assistant City Engineer	Public Works	19
Building Official	Comm Dev	19
Public Works Superintendent - Streets	Public Works	19
Public Works Superintendent - Utilities	Public Works	19
Parks Superintendent	Park & Rec	19
Assistant Finance Director	Finance Admin	22
Assistant Parks & Recreation Director	Park & Rec	22
Assistant Public Works Director/City Engineer	Public Works	22
Assistant Fire Chief	Fire	22
Community Development Director	Comm Dev	26
Public Works Director	Public Works	26
Finance Director	Finance Admin	26
Parks & Recreation Director	Park & Rec	26
Fire Chief	Fire	26
Police Chief	Police	26
Assistant City Manager	Administration	26
City Manager	Administration	30

Market Analysis

This section documents a sample of the wages offered to the employees of comparable local governmental units in Minnesota. The comparable government entities identified for this study were communities of comparable size, complexity, geographic location, and proximity to the Minneapolis/St. Paul city centers. The identification of market comparables also included consideration of city budgets, resident demographics, daytime population, and commercial/retail volume.

Final discussion and agreement on the list of comparable cities to be used in the market study occurred at the City of Roseville Council meeting on Monday, May 15, 2023.

The City of Roseville is within 10 miles of both St. Paul and Minneapolis and in close proximity to many other large metro cities. As a result, the City is actively competing for talented employees with these larger metro communities. The City should consider a competitive compensation scale to attract and retain qualified employees that have the knowledge, skills and abilities to provide service levels expected within the community, particularly considering the current labor market. These factors, coupled with the demand of specific technical and multi-faceted positions within the City, have resulted in the recommendations provided in this survey.

The wages of the comparable positions for the municipalities listed in **Table 2** were compared with those at the City of Roseville. **It should be noted that the governments listed do not always have the exact type or number of positions as Roseville and, in these cases, assumptions about duties and levels of responsibilities were made based on job titles and supervisory reporting information and were used to identify comparable positions.**

Table 2 - Market Survey

The Market Survey lists the Cities that were selected as a comparable, responded to the manual wage survey, and had at least one relevant position match included in the market analysis.

Brooklyn Center	Maplewood
Burnsville	Minnetonka
Coon Rapids	New Brighton
Eagan	Oakdale
Edina	Richfield
Fridley	St. Louis Park

The market analysis has been adjusted to reflect comparable 2023 wages for the local governments analyzed.

Key market wage analysis considerations and findings for non-union positions include:

- All market and City of Roseville wage data is based on 2023 compensation scales.
- Current non-union employee pay range MINIMUMS for each position were, on average, 8.00% below the market minimum pay for similar positions. ***It is important to note, however, that this is an average and individual positions vary.***
- Current non-union employee pay range MAXIMUMS for each position were, on average, 10.30% below the market minimum pay for similar positions. ***It is important to note, however, that this is an average and individual positions vary.***
- It is important to note that large market variances for any position, should they occur, indicate that:
  - the position wage range is above or below the market, and/or
  - the position within Roseville is simply not a perfect match to comparable data in regard to duties, experience requirements, and responsibilities, to other positions with similar titles in comparable cities. Potential causes of market variance for each position should be evaluated independently.
- Market wage variances identified in this analysis, in addition to the City's broader compensation philosophy, were the primary resources used in the development of an updated position classification and compensation structure for all non-union employees. This new structure will assist in realigning all positions in relation to the comparable market and, in doing so will, presumably have a positive impact on future employee recruitment and current employee satisfaction and retention.
- While positions represented by any of the City's six (6) union agreements were included in the market survey

solicitation, considered during development of the proposed step and grade compensation structure, and included in all pay equity testing, union employee wages are not reflected in the market analysis findings as they are negotiated independently.

- Additional market survey information related to union positions is included in **Appendix A.**
- It is important to consider that many cities approve annual Cost of Living Adjustments (COLA) and will plan to do so for a January 1, 2024, effective date. As a result, it should be noted that, should the City not elect to apply a 2024 COLA adjustment to either their current compensation model or to the proposed compensation scale updates, current market variances, as reflected in the following table, would continue to grow.

Compensation Plan

During initial discussions with City leadership, it was clear that the following key strategic goals and assumptions applied:

- The City of Roseville is motivated to attract and retain qualified talent to facilitate successful City operations and leadership. In order to do this effectively, both in the past and looking ahead, the City has historically aimed to position itself competitively related to wages and benefits and wishes to provide a compensation structure that motivates career progression and development.
- City leadership maintains an organizational compensation philosophy that aims to align with the current and comparable municipal market averages for positions.
- The City wishes to maintain a formalized pay structure across the entire organization that will be both compliant with Minnesota Pay Equity requirements and offer competitive pay for all positions.
- The City values the contributions, skills and experience, not limited to formal education, of each individual and position and is committed to maintaining job descriptions that accurately depict each position.
- The City understands that employees and residents have questions and concerns related to the overall compensation philosophy of the City that is based on their perceptions of the marketplace and the City wishes to compile independent and accurate market data to guide future decisions related to compensation.
- It is important to remember that, while employees represented by any of the City's six (6) union agreements were included in the market study and considered during development of the proposed step and grade compensation structure, union employee wages must be negotiated independently. Adoption of the proposed non-union compensation model would approve the proposed scoring for these union positions but would not place them in the proposed salary structure unless otherwise agreed upon through collective bargaining.

The proposed <u>non-union</u> compensation model effectively aligns with the relevant market data and reflects the following structural components:

- Step and grade model utilizes a total of 7 steps, including the start step, to achieve maximum compensation after 5 years and encompasses a total of 31 grade levels.
- All 7 steps are intended to be used as the standard compensation scale, to be awarded using the City's current step award process, primarily length of service and acceptable performance.
- The minimum pay level for the proposed non-union compensation scale is, on average, within 0.22% of current market minimum pay averages for each position.
- The maximum pay level for the proposed compensation scale is, on average, within 0.20% of current market maximum pay averages for each position.
- The proposed scale includes a 5.00% adjustment between grades.
- The proposed scale reflects a 3.50% adjustment between steps.
- The range within each grade of the proposed scale (Step 1 through Step 7) is 22.93%

Table 3 - Step and Grade Scale – Proposed 2023 Compensation Model

Points		Grade	1	2	3	4	5	6	7
0	50	1	$ 20.10	20.80	21.53	22.29	23.07	23.87	24.71
51	60	2	$ 21.11	21.84	22.61	23.40	24.22	25.07	25.94
61	70	3	$ 22.16	22.94	23.74	24.57	25.43	26.32	27.24
71	80	4	$ 23.27	24.08	24.93	25.80	26.70	27.64	28.60
81	100	5	$ 24.43	25.29	26.17	27.09	28.04	29.02	30.03
101	128	6	$ 25.65	26.55	27.48	28.44	29.44	30.47	31.53
129	139	7	$ 26.94	27.88	28.85	29.86	30.91	31.99	33.11
140	179	8	$ 28.28	29.27	30.30	31.36	32.46	33.59	34.77
180	200	9	$ 29.70	30.74	31.81	32.93	34.08	35.27	36.51
201	210	10	$ 31.18	32.27	33.40	34.57	35.78	37.03	38.33
211	231	11	$ 32.74	33.89	35.07	36.30	37.57	38.89	40.25
232	236	12	$ 34.38	35.58	36.83	38.12	39.45	40.83	42.26
237	304	13	$ 36.10	37.36	38.67	40.02	41.42	42.87	44.37
305	308	14	$ 37.90	39.23	40.60	42.02	43.49	45.02	46.59
309	319	15	$ 39.80	41.19	42.63	44.12	45.67	47.27	48.92
320	350	16	$ 41.79	43.25	44.76	46.33	47.95	49.63	51.37
351	365	17	$ 43.88	45.41	47.00	48.65	50.35	52.11	53.93
366	410	18	$ 46.07	47.68	49.35	51.08	52.87	54.72	56.63
411	440	19	$ 48.37	50.07	51.82	53.63	55.51	57.45	59.46
441	444	20	$ 50.79	52.57	54.41	56.31	58.28	60.32	62.44
445	449	21	$ 53.33	55.20	57.13	59.13	61.20	63.34	65.56
450	500	22	$ 56.00	57.96	59.99	62.09	64.26	66.51	68.84
501	575	23	$ 58.80	60.86	62.99	65.19	67.47	69.83	72.28
576	650	24	$ 61.74	63.90	66.13	68.45	70.85	73.32	75.89
651	669	25	$ 64.82	67.09	69.44	71.87	74.39	76.99	79.69
670	800	26	$ 68.07	70.45	72.91	75.47	78.11	80.84	83.67
801	820	27	$ 71.47	73.97	76.56	79.24	82.01	84.88	87.85
821	840	28	$ 75.04	77.67	80.39	83.20	86.11	89.13	92.25
841	860	29	$ 78.79	81.55	84.41	87.36	90.42	93.58	96.86
861	880	30	$ 82.73	85.63	88.63	91.73	94.94	98.26	101.70
881	900	31	$ 86.87	89.91	93.06	96.32	99.69	103.18	106.79

Pay Equity Compliance

The 2023 current pay scale for the City of Roseville was tested in the Minnesota Pay Equity Compliance system, as required, and was found to be out of compliance. The reports and certification generated from the testing have been included in **Appendix B** of the report.

The proposed scale has also been tested in the Minnesota Pay Equity Compliance system and was found to be in compliance. The reports generated from the test have been included in **Appendix C** of the report. In addition, **Appendix D** includes a publication from the State of Minnesota providing guidance on interpreting and understanding the Minnesota Pay Equity System.

Implementation

The next step in this process is to consider implementation of the Compensation System. Before moving to this step there are several questions the Council will want to consider.

- Should the City adopt a new step and grade plan, including updated job descriptions and position point assignments for all existing positions, to ensure alignment with the current wage market for all positions?
- What is the overall 2023 and/or 2024 cost of implementation for non-union employees, assuming employees would move to the step and grade program and are placed at the step closest to, but not below, their current salary? See detailed implementation phases and costs below.

Implementation Overview:
After meeting with department heads and leadership, the proposed implementation approach was developed. The goal of this approach is to strike a balance between the key objectives set out at the start of the project, equitable impact to employees based on tenure with the city, and the budget. Details of each phase are listed below.

Step 1: Transition onto Proposed Step and Grade Structure
The proposed step and grade program, based on 2023 data could be implemented effective December 31, 2023, by placing employees at the step that is closest to their current wage, without a decrease in pay, and assumes that employees (if any) that are currently being compensated above the proposed wage scale would remain at their current rate of pay. Estimated costs of Step 1 are listed below.

Step 2: 2024 Cost of Living Adjustment and Market Position Adjustments
The City may adopt a 3.00% COLA for the 2024 calendar year, effective January 1, 2024. This COLA would be applied to the newly adopted step and grade program. Cost of Living Adjustments (COLAs) have historically been awarded by the City and should not be considered an "additional" expense related to adoption of the proposed step and grade program.

In addition, this step would move employees to a same or similar grade position relative to the current compensation model on the new grade. For example, if an employee, prior to implementation of the proposed compensation structure was positioned at step 5, adoption of the proposed ranges may reposition them, at their current rate, at a step 3. Step 2 represents the cost to adjust employee pay to reposition them back to or closer to their prior range position, step 5 in this example. This adjustment keeps the employee in the same position relative to both the internal pay grade and the market pay. Based on tenure, employees may be eligible for a market position adjustment of:

- 0-4 years of experience: No market position adjustment
- 5-9 years of experience: up to one step market position adjustment
- 10-14 years of experience: up to two step market position adjustment
- 15+ years of experience: up to three step market position adjustment

While the true cost of a COLA is difficult to calculate due to the implementation approach, we estimate that cost to be about $240,000.
Estimated costs of Step 2 are listed below.

Step 3: 2024 Step Increases
Employees on the step and grade program will continue to be eligible for step increases annually on their position start date anniversary. Step 3 details the annual 2024 cost for employees earning a step increase in 2024 on the new pay plan. The

City has historically awarded step increases to staff and should not be considered an "additional" expense related to adoption of the proposed step and grade program.

Estimated costs of Step 3 are listed below.

Table 4 – Estimated Costs to Implement

	Estimated Current 2023 Annual Payroll - All Employees	**$**	**8,389,000.00**	
Step 1:	**Total Annual Cost of 2024 Implementation (Annualized)**	**$**	**216,200.00**	**2.58%**
Step 2:	**Total Annual Cost of 2024 COLA & Market Position Adjustment**	**$**	**420,300.00**	**5.01%**
Step 3:	**2024 Step Increase (Rounded to Anniversary Month)**	**$**	**121,600.00**	**1.35%**
TOTAL		**$**	**758,100.00**	**9%**

It is important to note that estimated implementation costs do not include annualized wages for the addition/promotion of staff in new or currently vacant positions as these are not considered as part of the compensation structure implementation, but rather new or ongoing labor expenses.

In light of our comprehensive study and City compensation philosophy, our recommendation would be as follows:

- Adopt the proposed 2023 implementation plan as outlined above. This includes:
    - Transition onto Proposed Step and Grade Structure as of 12/31/2023, moving each individual to the next salary step, without a decrease in salary, and
    - Utilize the step and grade scale to calculate and apply 2024 and all future annual approved cost of living increases (COLA) for all positions, effective each January 1st; and
    - Utilize the step and grade scale to calculate and apply market position adjustments to employees based on their tenure with the city, and annual step increases for eligible employees
    - Suspend the non-union merit pay program in light of the adoption of a compensation structure that better aligns high-performing and tenured employees with the current market maximum pay rates

Closing

Should the City decide to adopt to the proposed position classification, compensation structure, and implementation plan, we recommend approval at a regular meeting of the City Council.

Abdo would like to thank the City of Roseville for the opportunity to prepare and present this Position Classification and Compensation Analysis. We would especially like to thank the leadership team for their assistance in providing the necessary data to conduct the study.

Appendix A

Position	Current Grade	AVERAGE Market Min Salary (2023 Rates)		AVERAGE Market Max Salary (2022 Rates)	
		Houly	Salary	Hourly	Salary
Battalion Chief	Fire Union	$ 41.10	$ 85,493.41	$ 48.03	$ 99,900.51
Fire Lieutenant	Fire Union	$ 32.62	$ 67,857.33	$ 36.21	$ 75,324.53
Firefighter/EMT	Fire Union	$ 25.89	$ 53,860.11	$ 32.00	$ 66,565.35
Firefighter/Inspector	Fire Union	$ 31.23	$ 64,954.93	$ 36.58	$ 76,082.93
Firefighter/Paramedic	Fire Union	$ 30.79	$ 64,050.13	$ 37.41	$ 77,812.80
Paid On Call Firefighter	Flat Rate	$ 17.07	$ 35,515.48	$ 20.25	$ 42,124.06
Ice Arena Maintenance Worker	49ers Union	$ 26.57	$ 55,271.01	$ 32.07	$ 66,707.68
Ice Arena Maintenance Worker - Ice & Golf Course	49ers Union	$ 26.92	$ 55,991.17	$ 32.68	$ 67,976.13
Maintenance Worker II - Parks	49ers Union	$ 29.25	$ 60,829.81	$ 36.70	$ 76,332.05
Working Foreman - Parks	49ers Union	$ 38.50	$ 80,074.67	$ 46.06	$ 95,804.27
Police Deputy Chief	Police Union	$ 60.13	$ 125,074.52	$ 73.27	$ 152,408.78
Police Lieutenant	Police Union	$ 61.02	$ 126,927.84	$ 69.71	$ 144,996.80
Police Officer	Police Union	$ 36.48	$ 75,870.59	$ 48.97	$ 101,864.46
Police Sergeant	Police Union	$ 51.47	$ 107,066.08	$ 61.05	$ 126,992.15
Maintenance Worker II - Street	49ers Union	$ 29.60	$ 61,564.05	$ 37.18	$ 77,328.37
Maintenance Worker II - Utilities	49ers Union	$ 30.58	$ 63,609.87	$ 38.04	$ 79,126.84
Mechanic	49ers Union	$ 32.13	$ 66,834.77	$ 39.41	$ 81,968.85
Working Foreman - Streets	49ers Union	$ 37.20	$ 77,380.62	$ 45.21	$ 94,026.48
Working Foreman - Utilities	49ers Union	$ 39.53	$ 82,218.86	$ 48.48	$ 100,832.16
Working Foreman - Vehicle Maintenance	49ers Union	$ 40.04	$ 83,273.79	$ 48.75	$ 101,390.86

Appendix B

MANAGEMENT AND BUDGET

Compliance Report

Jurisdiction: Roseville
2660 Civic Center Drive

Roseville, MN 55113

Report Year: 2024
Case: 1 - 2023 Test - Current (Private (Jur Only))

Contact: Rebecca Olson   Phone: (651) 792-7446   E-Mail: rebecca.olson@cityofroseville.com

The statistical analysis, salary range and exceptional service pay test results are shown below. Part I is general information from your pay equity report data. Parts II, III and IV give you the test results.

For more detail on each test, refer to the Guide to Pay Equity Compliance and Computer Reports.

I. GENERAL JOB CLASS INFORMATION

	Male Classes	Female Classes	Balanced Classes	All Job Classes
# Job Classes	49	51	4	104
# Employees	135	65	8	208
Avg. Max Monthly Pay per employee	7480.10	6618.19		7190.27

II. STATISTICAL ANALYSIS TEST

A. Underpayment Ratio = 78.06123 *

	Male Classes	Female Classes
a. # At or above Predicted Pay	22	15
b. # Below Predicted Pay	27	36
c. TOTAL	49	51
d. % Below Predicted Pay (b divided by c = d)	55.10	70.59

*(Result is % of male classes below predicted pay divided by % of female classes below predicted pay.)

B. T-test Results

Degrees of Freedom (DF) = 198   Value of T = 2.677

a. Avg. diff. in pay from predicted pay for male jobs = 6

b. Avg. diff. in pay from predicted pay for female jobs = -233

III. SALARY RANGE TEST = 89.27 (Result is A divided by B)

A. Avg. # of years to max salary for male jobs = 4.43

B. Avg. # of years to max salary for female jobs = 4.96

IV. EXCEPTIONAL SERVICE PAY TEST = 0.00 (Result is B divided by A)

A. % of male classes receiving ESP = 0.00 *

B. % of female classes receiving ESP = 0.00

*(If 20% or less, test result will be 0.00)

Appendix C

MANAGEMENT AND BUDGET

Compliance Report

Jurisdiction: Roseville
2660 Civic Center Drive

Roseville, MN 55113

Report Year: 2024
Case: 2 - 2023 Test - Proposed (Private (Jur Only))

Contact: Rebecca Olson
Phone: (651) 792-7446
E-Mail: rebecca.olson@cityofroseville.com

The statistical analysis, salary range and exceptional service pay test results are shown below. Part I is general information from your pay equity report data. Parts II, III and IV give you the test results.

For more detail on each test, refer to the Guide to Pay Equity Compliance and Computer Reports.

I. GENERAL JOB CLASS INFORMATION

	Male Classes	Female Classes	Balanced Classes	All Job Classes
# Job Classes	49	50	5	104
# Employees	135	64	10	209
Avg. Max Monthly Pay per employee	7654.11	7436.36		7578.77

II. STATISTICAL ANALYSIS TEST

A. Underpayment Ratio = 91.83674 *

	Male Classes	Female Classes
a. # At or above Predicted Pay	31	30
b. # Below Predicted Pay	18	20
c. TOTAL	49	50
d. % Below Predicted Pay (b divided by c = d)	36.73	40.00

*(Result is % of male classes below predicted pay divided by % of female classes below predicted pay.)

B. T-test Results

Degrees of Freedom (DF) = 197 Value of T = 0.266

a. Avg. diff. in pay from predicted pay for male jobs = -28

b. Avg. diff. in pay from predicted pay for female jobs = -59

III. SALARY RANGE TEST = 89.29 (Result is A divided by B)

A. Avg. # of years to max salary for male jobs = 4.43

B. Avg. # of years to max salary for female jobs = 4.96

IV. EXCEPTIONAL SERVICE PAY TEST = 0.00 (Result is B divided by A)

A. % of male classes receiving ESP = 10.20 *

B. % of female classes receiving ESP = 4.00

*(If 20% or less, test result will be 0.00)

Appendix D

A Guide to Understanding Pay Equity Compliance:

https://mn.gov/mmb-stat/pay-equity/guide-understand-compl.pdf

Roseville Finance Commission
Agenda Item

DATE: October 10, 2023 **ITEM:** 4.b.

ITEM DESCRIPTION: Receive Finance Commission Recommendations Tracking Report

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Background
A summary of the Finance Commission's recent recommendations submitted to the City Council is included in Attachment 1 for review. The report has been updated to reflect items that have been closed or added per Commissioner Bester.

Recommendation
Not applicable.

Requested Commission Action
For review and discussion purposes only. No formal Commission action is necessary.

Attachments
1. tracking report

Roseville Finance Commission
Recommendation Tracking Report
Report Date - September 12, 2023

No.	Recommendation	Description	Date Recommended	Date Presented	Status	Discussion and Next Steps
2022-02	1. Transfer funds from Excess Cash to PMP 2. Transfer funds from Genl Fund to PMP 3. Increase taxes to pay loan. 4 Keep receivable until PMP needs cash **5. License Center has paid $495,000 into Shopping Center Fund. This is the source of funds that will be used to repay the internal loan.**	How to handle remaining $266,829 interfund receivable/payable with respect to PMP funds used for purchase of Shopping Center at 2917 Lexington.	5/10/2022	5/10/2022	Implemented	First discussion at Finance Commission meeting 5/10/22. Tentative consensus to keep the receivable/payable for now, and revisit before end of year. Next discussion 11/15/22, where it was agreed to transfer funds from Excess Cash to PMP to close this item. To Council March 2023. **See the notes and attachments to the March 14, 2023 Finance Commission meeting for details and background.**
2023-01	Finance Commission recomends that steps be taken to begin to act on incorporating limited equities in the City's investment portfolio.	Option to permit limited investment in equity investments	3/14/2023	3/14/2023	Pending	On 4/25/22 the City Council approved expanded Investment Policy language to permit limited use of equity investments.
2023-02	The Finance Commission questions whether holding vehicles for longer service lives could reduce overall vehicle capital and operating expense.	The recommendation and question applies to all types/classes of vehicles used by the City of Roseville.	9/12/2023		Pending	Finance Commission wishes to engage in further conversation about vehicle retention and replacement practices at its meeting of 11/14/23.
2023-03	If and when budget or levy reductions are made, the Finance Commission should be apprised of those adjustments.	In September each year the Finance Commission makes a budget and levy recommendation and the City Council approves a preliminary budget and levy.	9/12/2023		Pending	Budget and levy reductions can and often do happen after the preliminary budget is approved by City Council.

Roseville Finance Commission
Agenda Item

DATE: October 10, 2023 **ITEM:** 4.c.

ITEM DESCRIPTION: Update on Council adopted 2024 Preliminary Budget & Tax Levy

Background

Recommendation

Attachments
None

Roseville Finance Commission
Agenda Item

DATE: October 10, 2023 **ITEM:** 4.d.

ITEM DESCRIPTION: Review and adopt recommendation on the 2024 proposed utility rates

Background
Unlike many city services that are supported by property taxes, the City's utility or *enterprise* operations are funded primarily by user fees and are operated as separate, stand-alone functions. The City engaged Ehlers to perform an updated utility rate study in 2022 of the Water, Sewer and Storm Drainage Funds. The utility rate study recommendations were used for the 2024 utility rates in these funds.

Operational Review

<u>Water Fund Operations</u>
The updated Utility Rate Study done by Ehlers on the Water Fund recommends an 8% increase in rates for 2023-2028 to cover fixed and variable costs, debt service and replenishment of fund reserves. St. Paul Regional Water increased their rate charged to Roseville by 9%, which is the main driver of our needed increases. To minimize the increases needed for capital projects, public works has prioritized projects for the next few years to reduce the amount of capital projects until this fund has a chance to increase reserves.

<u>Storm Drainage Operations</u>
The City provides for the management of storm water drainage to prevent flooding and pollution control, as well as the street sweeping program. Public Works did an intensive analysis of the infrastructure in the Storm Drainage system and identified a significant increase in capital improvements over the next 20 years. The initial improvements have been curtailed for a few years, however, they are still significant. The updated utility rate study recommended a 33% increase for 2023 and 2024 and then a 2.5% thereafter. While the percentage seems high, the actual dollar amount change was $5 per quarter in 2023 and it will be $6.64 per quarter in 2024 for residential properties.

<u>Sanitary Sewer Operations</u>
The City maintains a sanitary sewer collection system to ensure the general public's health and general welfare. The updated utility rate study recommends a 2% increase. Public Works made some reductions in the proposed capital improvement projects, so the 2% increase recommended by Ehlers is adequate for this fund.

<u>Recycling Operations</u>
The recycling operation provides for the contracted curbside recycling pickup throughout the City and related administrative costs. The primary operating cost is the amounts paid to a contractor to pick up recycling materials. The current contract for recycling services covers 2022-2025. For 2024, the rates are again based on this contract with a small amount to build reserves for cart purchases in the future. A customer rate increase from $14.05 per quarter to $14.50, or 3.2% is proposed to cover the operating costs and to build a minimal amount towards the future cart purchase.
Attachment 1 has the full chart of proposed rates for the Water, Sewer, Stormwater and Recycling Utility Funds which depicts how the operating cost burden is distributed to various customer types

Based on staff analysis and the updated Ehlers Utility Rate study, the estimated impact to a Single Family Home for all four utility funds is as follows:

Utility Rate Impact: Single Family Home *(Quarterly)*				
Service		2023	2024	$ Increase
Water - base fee		39.20	42.34	3.14
Water - usage fee		43.32	46.80	3.48
Sanitary Sewer - base fee		43.98	44.86	0.88
Sanitary Sewer - usage fee		30.25	30.91	0.66
Storm Sewer		20.11	26.75	6.64
Recycling		14.05	14.50	0.45
Total per Quarter		$ 190.91	$ 206.16	$ 15.25
Percentage Change				7.99%
per month		$ 63.64	$ 68.72	$ 5.08
per year		$ 763.64	$ 824.64	$ 61.00
Avg. Water consumption (1,000 gals.)		12		
Avg. Sewer consumption (1,000 gals.)		11		

Recommendation
The enclosed information is being recommended by Staff for Council review on November 6, 2023 with final Council approval on December 4, 2023.

Requested Commission Action
For information purposes only. No formal Commission action is required, however, the Commission may want to submit a recommendation to the City Council on the proposed 2024 utility rates.

Attachments
1. Attachment 1 - Proposed Utility Rates

2024 Proposed Utility Rates

Water Base Rate Category	2023 Rates	2024 Rates	Comments
Single-Family Residential	$ 39.20	$ 42.34	8% for 2023 - 2028
Non-SF Residential (5/8" Meter)	39.20	42.34	
Non-SF Residential (1.0" Meter)	98.01	105.85	
Non-SF Residential (1.5" Meter)	196.01	211.69	
Non-SF Residential (2.0" Meter)	313.62	338.71	
Non-SF Residential (3.0" Meter)	627.24	677.42	
Non-SF Residential (3.0" Compound Meter)	686.05	740.93	
Non-SF Residential (4.0" Meter)	980.06	1,058.46	
Non-SF Residential (4.0" Compound Meter)	1,176.08	1,270.17	
Non-SF Residential (6.0" Meter)	3,136.19	3,387.09	

Water Usage Rate Category	2023 Rate	2024 Rate	Comments
SF Residential: Up to 15,000 gals./qtr	$ 3.61	$ 3.90	8% for 2023 - 2028
SF Residential: 15,001 to 30,000 gals./qtr	4.51	4.87	
SF Residential: Over 30,000 gals./qtr	5.65	6.10	
Apartments: Up to 8,000 gals/unit/qtr	3.61	3.90	
Apartments: 8,001- 15,000 gals/unit/qtr	4.51	4.87	
Apartments: Over 15,000 gals./unit/qtr	5.65	6.10	
Commercial: Up to 60,0000 gals./qtr	3.61	3.90	
Commercial: 60,001 to 400,0000 gals./qtr	4.51	4.87	
Commercial: Over 400,000 gals./qtr	5.65	6.10	
Irrigation Water Usage	5.11	5.52	

Rates are per 1,000 gallons

Sewer Base Rate Category	2023 Rate	2024 Rate	Comments
Single-Family Residential	$ 43.98	$ 44.86	2% increase
Single-Family Residential: Low-Income Discount	28.59	29.16	
Multi-Family Residential (townhomes)	43.98	44.86	
Multi-Family Residential (apartments & condos)	30.87	31.49	
Non-SF Residential (5/8" Meter)	32.88	33.54	
Non-SF Residential (1.0" Meter)	65.83	67.15	
Non-SF Residential (1.5" Meter)	98.77	100.75	
Non-SF Residential (2.0" Meter)	153.98	157.06	
Non-SF Residential (3.0" Meter)	318.88	325.26	
Non-SF Residential (4.0" Meter)	637.78	650.54	
Non-SF Residential (6.0" Meter)	1,275.56	1,301.07	
Sewer Only accounts	70.91	72.33	
Maplewood sewer accounts	22.44	22.44	set by City of Maplewood

Multi-family rate is per housing unit

Sewer Usage Rate Category	2023 Rate	2024 Rate	Comments
Residential	$ 2.75	$ 2.81	2% increase
Commercial	6.42	6.55	
Maplewood sewer accounts	5.34	5.34	set by City of Maplewood

Rates are per 1,000 gallons

Stormwater Base Rate Category	2023 Rate	2024 Rate	Comments
Single-Family Residential & Duplex	$ 20.11	$ 26.75	33% increase in 23 & 24,
Multi-Family & Churches	155.62	206.97	then 2.5% increase after
Cemeteries & Golf Course	15.10	20.08	
Parks	46.83	62.28	
Schools & Community Centers	75.69	100.67	
Commercial & Industrial	311.10	413.76	

Rates for single-family are per housing unit; all others are per acre

Recycling Rate Category	2023 Rate	2024 Rate	Comments
Single-Family	$ 14.05	$ 14.50	3.2% increase
Multi-Family	14.05	14.50	

Roseville Finance Commission
Agenda Item

DATE: October 10, 2023 **ITEM:** 5.a.

ITEM DESCRIPTION: Staff update

Background

Recommendation

Attachments
None

Roseville Finance Commission

2023 Meeting Topics & Calendar

Month	Discussion Topic (Tentative)
January 10	▪ Review Government Budget Practices and Accounting Standards to try and inform how Government Financial Processes Work
February 14 CANCELLED	▪
March 14	▪ Select Chair, Vice-Chair, and Ethics Commission Representative ▪ Review 2022 Investment Portfolio performance ▪
April 11	▪ Review 2022 preliminary year-end cash reserve levels ▪
May 9	▪ Discuss items for Joint City Council-Finance Commission meeting ▪ Oath of Office for new Commissioners ▪ Review 2022 Audit Reports
June 13	▪ ~~2024-2043 Capital Improvement Plan review #1~~ ▪ Discuss Council request for Commission to review purpose, scope, duties, functions and other items
July 11	▪ Continue discussion on Council request for Commission review of purpose, scope, duties and other items ▪ Pension questions answered ▪ 2024-2043 Capital Improvement Plan review #1
August 23 * Wednesday	▪ Discuss the 2024 City Manager Recommended Budget & Tax Levy ▪ 2024-2043 Capital Improvement Plan review #2
September 12	▪ 5:30 PM Tour Maintenance Facility ▪ Establish Recommendation on 2024 City Manager Recommended Budget & Tax Levy ▪ Establish Recommendation on 2024-2043 Capital Improvement Plan
September 18 Council Mtg	▪ Present Budget Recommendation to City Council
October 10	▪ Review Class & Comp Study ▪ Update on the Council-adopted 2024 preliminary Budget & Tax Levy ▪ Review and adopt a recommendation on the 2024 proposed utility rates
November 14	▪ Adopt 2024 Meeting Calendar ▪ Adopt 2024 Work Plan ▪ Replacement of Vehicles discussion