

Compensation Policy Committee
June 20, 2023, 3:30 – 4:30 p.m.
Meeting Minutes

Members in attendance: Councilmember Susan Gutowsky; Councilmember Shirley Peel; Councilmember Julie Pignataro

Staff in attendance: Teresa Roche, Human Resources Executive; Carrie Daggett, City Attorney; Jenny Lopez-Filkins, Senior Assistant City Attorney; Kelley Vodden, Director of Compensation, Benefits and Wellbeing; Gretchen Schiager, Executive Administrative Assistant

Guests: Jared Martin and Kyli Soto, Innovest

The Compensation Policy Committee meeting was held on June 20, 2023. The Councilmembers and Teresa Roche met in the Peak Conference Room at City Hall, and all other attendees joined virtually through a Zoom webinar.

Agenda

- **Call Meeting to Order**
- **Approve Minutes from December 19, 2022**
- **Discussion Items:**
 - **Innovest Market Analysis for Council-Appointed Employee Retirement**
- **Adjournment**

Next Meeting: August 21

Councilmember Pignataro called the meeting to order at 3:34 p.m.

Councilmember Gutowsky motioned to approve the December 19, 2022, minutes. Councilmember Peel seconded the motion. The minutes were approved unanimously.

Innovest Market Analysis for Council-Appointed Employee Retirement

Ms. Roche introduced the Innovest team and explained that the Committee is being introduced to this information for their feedback and recommendations before it goes to the full Council.

Mr. Martin began his presentation with a review of some helpful retirement terms.

Councilmember Pignataro commented that she was unaware one could opt out of Social Security. Mr. Martin clarified that in doing so, one could not collect Social Security. He noted some Cities opt out of Social Security for executives in favor of a plan such as PERA.

Mr. Martin discussed his observations and takeaways from the analysis of the survey data. He noted the importance of defining whether the goal of the research is to examine contribution rates or retirement readiness. He explained the difficulty in benchmarking retirement benefits due to the wide variation in their structure. He pointed out that half of the Colorado markets surveyed do not have an executive plan separate from the general employees' retirement plan.

Councilmember Pignataro expressed interest in comparing the City's contribution to the general employee retirement and executive plans.

Mr. Martin reviewed the market data tables.

Councilmember Pignataro commented that most of the peer Cities seem to have executive plans and wondered whether it is a competitive move to have an executive plan. She inquired whether cities have changed from having an executive plan to not having one or vice versa. Mr. Martin responded that he did not detect a theme, but it appeared to be a point of negotiation.

Councilmember Peel wondered whether an executive plan allows more negotiation. Mr. Martin said the law prohibits companies from excluding employees from retirement plans while only offering them to executives, but that law does not apply as much to the government sector.

Mr. Martin closed by offering to segment the data in other ways that would be meaningful and providing some key takeaways and potential next steps.

- Determine the main focus: Inputs (Total retirement contributions) versus Outputs (Retirement readiness).
- Increasing both employer and employee-mandated contributions would be a benefit to encourage retention.
- If each executive wanted to contribute a different amount, individual 401a plans could be an option.
- Adding a retiree health care plan would be a tax advantage going in and coming out and could be offered for executives or all employees.

The Committee discussed various approaches to presenting this information to Council. There was a suggestion to meet with the Councilmembers who initiated this research to understand what they were seeking before the November conversation.

Councilmember Pignataro suggested including this information in the next Council packet. Ms. Roche proposed reporting that the Committee has reviewed and discussed the analysis and recommends simplifying the data to include total inputs to compare. Questions, feedback, and other next steps will be solicited from Council.

Councilmember Pignataro is of the opinion that the executives should have the same plan as all employees. Ms. Roche clarified that the executive plan is not just for the Council-appointed employees but also includes Service Area directors, deputy directors, and other City executives. A change of that nature would be a big undertaking, and recommended waiting for the new Council in January to determine whether to expand this project to that degree.

Councilmember Peel expressed a need to educate Council on the retirement plan structure for future hires. Councilmember Pignataro added it would be helpful for all of Council to know the input for new hires. Ms. Roche added that it should be clarified for future hires whether the retirement plan is a fixed package or a negotiation. Councilmember Pignataro said this would be a good topic for the new Committee in January.

The meeting was adjourned at 4:31 p.m.

MINUTES APPROVED BY THE COMMITTEE AT THE AUGUST 21, 2023 MEETING.