

Compensation Policy Committee
May 24, 2022, 3:30 – 4:30 p.m.
Approved Meeting Minutes

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

Other Councilmembers in attendance: Councilmember Kelly Ohlson

Staff in attendance: Kelly DiMartino, Interim City Manager; Teresa Roche, Human Resources; Carrie Daggett, City Attorney; Kelley Vodden, Director of Compensation, Benefits and Wellness; Melanie Clark, Executive Administrative Assistant; Wendy Bricher, Finance Analyst and Steve Engemoen, Senior Compensation Analyst.

External presenter: Brian Wilkerson, hrQ

The Compensation Policy Committee (Committee) meeting was virtually held on May 24, 2022, through a Zoom webinar.

Agenda

- **Call Meeting to Order**
- **Approve Minutes from April 18, 2022**
- **Discussion Items:**
 - **401(a) Third Cycle Restated Adoption Agreement at CFC on 6/2 and Council Resolution on 6/21**
 - **Review hrQ Presentation on Cost-of-Living Analysis Findings**
 - **May 24 Work Session on council pay**
- **Adjournment**

Next Meeting: June 21, 2022 (Cancelled)

The meeting began at 3:31 p.m.

Teresa Roche explained that on the last page of the minutes, a clarification was added to note that Councilmember Shirley Peel's question was about Colorado Springs.

Councilmember Shirley Peel motioned to approve the minutes as amended. Councilmember Susan Gutowsky seconded the motion. Minutes were approved.

401(a) Third Cycle Restated Adoption Agreement at CFC on 6/2 and Council Resolution on 6/21

Teresa shared that there will be a resolution on consent for adopting an IRS regulation that requires the City's 401(a) retirement plan be restated every six years. This restatement will be referred to as the third cycle restatement. Teresa explained that it is being done to incorporate all legislative and regulatory laws since the last one, the Pension Protection Act Statement. This administrative item needs to take place and does not impact any costs to the City.

hrQ Presentation on Cost-of-Living Analysis Findings

Brian Wilkerson, hrQ, shared the Cost-of-Living Analysis Summary of Findings.

Several components were considered in the Cost-of-Living analysis in Fort Collins, including goods, housing, utilities, etc. Overall, the prices of goods and services in Fort Collins are at the national average. When broken down by category, the data showed that housing had increased over 30% more than the national average. Brian explained that the availability of inventory and how quickly it moves off the market further complicate the housing market.

More significant increases in rental housing were seen from 2017 to 2022 for all housing sizes than from 2012 to 2017. Efficiencies and 1-bedroom units have more than doubled in rental costs; all other bedroom sizes increased between 85-99% over the last ten years.

HUD recommends that people spend no more than 40% of their income before taxes on rent. To lease a two-bedroom home, a person would need an annual income of \$44,580. Three-bedroom and above single-family home rents are higher than \$2,100 per month; attached home rents range from \$1,380 for a one-bedroom to \$2,080 for four bedrooms.

Brian explained that housing is one of the biggest drivers of perceptions of quality of life and the cost of living. When people need to live further away from work, commute times go up, and commute satisfaction goes down, which is another significant driver for cost-of-living satisfaction. He further explained that once people start to believe that their children will not be able to afford to live in the city they currently do, it tends to increase the concerns around housing significantly. In addition, if people moved into Fort Collins several years ago at a different stage of life, they often begin considering why their earnings have not kept up with the ability to buy a similar kind of housing stock when they start having a family.

Childcare costs are another driver in cost-of-living. 85% of parents spend 10% or more of their household income on childcare. 59% of families planned on spending more than \$10,000 on childcare in 2021. COVID-19 greatly impacted the childcare industry, with many providers closing and fewer people working in the field.

Brian explained that it is also essential to look at the overall impact of inflation. In the past year, shelter has gone up 4.8%, but in the past ten years, it's gone up 43.8%. Area prices for the West Region, including several states, specifically Colorado, have gone up 0.9% over the past month and up 7.7% from a year ago. This was the largest over-the-year increase since June 1982. Also, 13.2% of Colorado residents have some student debt affecting their spending capability.

Brian explained when looking at things such as employment and compensation strategies, it is important to consider the concept of a living wage which is the required annual income after taxes, necessary for an employee to meet their basic needs. The goal of a living wage is to allow an employee to afford a basic but decent standard of living through employment without government subsidies.

Teresa Roche shared that Larimer County is looking into the living wage to help them determine salaries in the future. She also shared that the information shared by Brian confirms Council priorities and shapes some of the 2023-2024 BFO offers. She indicated that City leaders are in the early stages of considering

creative and innovative solutions to attract and retain talent and that she will be sharing this analysis with key partners in the community.

May 24 Work Session on Council Pay

Councilmember Julie Pignataro explained that the April conversations about Council pay did not come to any conclusions yet. Considering the timeline for full Council review and discussion for a ballot initiative, she had directed staff to bring the topic to the May 24 work session.

Kelly Ohlson suggested that Councilmembers get paid 50% or about \$33,000 per year, Mayor Pro Tem would receive 60%, and Mayor would receive 75% of the Average Median Income (AMI) or whatever an appropriate income level is beginning in 2023. In the interests of equity, he believes that healthcare should be provided to Councilmembers. Kelly suggests this information be laid out along with Council's roles and responsibilities.

Kelly Ohlson pointed out that the statement that Council pay changes would only affect Councilmembers that stand for re-election is inaccurate. He clarified that it would only affect the next Council when Councilmembers set the compensation. He further explained that this Council's compensation is in the charter requiring a public vote and would affect all Councilmembers.

Julie Pignataro asked for clarification on the 50%, 60%, and 75% and how Kelly came up with those numbers. Kelly believes being on Council is an essential job, with some members having outside employment. He explained that Councilmembers spend at least 20 hours a week on Council duties which is equal to a half-time job of the area median income for one person in a household.

Councilmember Susan Gutowsky stated there had been significant conversation about medical benefits. Teresa Roche shared that the Council could consider providing health-related benefits consistent with what is offered to employees.

Kelly Ohlson stated that he is coming from a place of equity and would like to see more people be able to serve on Council in the future. He reiterated that the public would be voting yay or nay.

Brian Wilkerson stated that in all the research they have done, the universal advice they received was that if Council was going to bring forward the topic of compensation to the public, it should be coupled with a discussion of expectations and responsibilities.

Councilmember Shirley Peel asked Teresa if Councilmembers would have access to COBRA after their coverage ended, and Teresa confirmed they would be eligible.

Susan Gutowsky expressed support for an increase and wondered if the suggested amounts were reasonable, and Shirley Peel wondered about the timing.

Kelly Ohlson shared that there have been several times in the past where the timing was not the best, but the public voted in favor. He believes that people have a way of sorting these things out.

The meeting adjourned at 4:42 p.m.