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CALL TO ORDER

[Time: 00:00:00]

Mayor Lane: Hi, good evening, everyone. I would like to call to order our Work Study for this evening. It's February, 10th, 2015, to call it to order. We will start with the roll call, please.

ROLL CALL

[Time: 00:00:12]

City Clerk Carolyn Jagger: Mayor Jim Lane.

Mayor Lane: Present.

City Clerk Carolyn Jagger: Vice Mayor Linda Milhaven.

Vice Mayor Milhaven: Here.

City Clerk Carolyn Jagger: Councilmembers Suzanne Klapp.

Councilwoman Klapp: Here.

City Clerk Carolyn Jagger: Virginia Korte.

Councilmember Korte: Here.

City Clerk Carolyn Jagger: Kathy Littlefield.

Councilwoman Littlefield: Here.

City Clerk Carolyn Jagger: Guy Phillips.

Councilman Phillips: Here.

City Clerk Carolyn Jagger: David Smith.

Councilman Smith: Here.

City Clerk Carolyn Jagger: City Manager Fritz Behring.

City Manager Fritz Behring: Here.

City Clerk Carolyn Jagger: City Attorney Bruce Washburn.

City Attorney Bruce Washburn: Here.

City Clerk Carolyn Jagger: City Treasurer Jeff Nichols.

City Treasurer Jeff Nichols: Here.

City Clerk Carolyn Jagger: City Auditor Sharron Walker.

City Auditor Sharron Walker: Here.

City Clerk Carolyn Jagger: And the Clerk is present.

MAYOR'S REPORT

[Time: 00:00:45]

Mayor Lane: Thank you. We have got a couple of orders of businesses that we would like to attend to ahead of time, even though this is a work study session. It is an official meeting. I would like to just note that we have had a pretty tragic event with the death under custody of ISIS of Kayla Mueller of Prescott. I would like to take a quick moment of silence dedicated to Kayla Mueller and her humanitarian work, and, of course, a citizen of our great state. Thank you.

Another small order of business or small order of business here, we hope to see everyone at the historic Parada del Sol, this will be the 57th year of that event. It's Saturday the 14th at 10 a.m. and

this year's parade route will mirror the original route utilized from the '50s to the '70s. It will start on Scottsdale Road and Drinkwater Boulevard and head south turning east on 2nd Street and ending at Brown Avenue and Indian School Road. On the day of the parade, a special trolley route will run along Scottsdale Road from Oak Street to 2nd Street, from 7:30 a.m. to 1 p.m. Residents who normally view the parade south of Osborn are encouraged to jump on the trolley for a complimentary ride to the celebration. I hope you all take part in the honored tradition.

PUBLIC COMMENT

[Time: 00:02:47]

Mayor Lane: And with that, we are ready then to start our work study session. First item, order of business is public comment. Do we have any public comment cards? It is the period of time that is dedicated for that. We have a total of 15 minutes, but since we have no takers on that, we will proceed without the need for that.

POLICE OFFICER COMPENSATION ISSUES

Mayor Lane: So our one and only order of business here is the police officers compensation issue and we have Mr. Brent Stockwell, our Strategic Initiatives Director, here right in front of me to give us a report on that.

[Time: 00:02:58]

Strategic Initiatives Director Brent Stockwell: Great, Mayor, members of the City Council, what we want to do is take the opportunity to overview a number of issues related to police compensation, and then give you an opportunity to talk about what you want the city's approach to be towards this. Moving forward this was the result of a study prepared by the city's Human Resources Department. The study focused on six other cities for which we're most competitive for police officers. Once that study was completed, a team which is comprised of City Manager Fritz Behring, City Treasurer Jeff Nichols and our Human Resources Director, Donna Brown, Fraternal Order of Police representative Officer Heeran and Officer McKinnon and police officer of Scottsdale Association, Officer Clark and myself participated on the team. So we met on a regular basis over the past few months to talk about the study, to look at some of the issues, to understand things, management to understand things from the police officer perspective and the police officers to understand thing from the management perspective and to really look into it and dive into it, and think about what the city might do moving forward. So we looked at this presentation and we looked at the number of slides that we're going to be going through tonight and talked about them as a group. This is a collaborative effort, a group effort, culminating tonight.

Mayor Lane: Mr. Stockwell, if I might and I probably should have said this before we started. You may be getting into it. We do have some new members, of course, and we haven't really facilitated work study for a number of months, just as sort of a reminder of the procedures that we employ here for a work study. It's slightly different than a regular meeting, and so in that sense, I wanted to just

let you know, there are no cards to be drawn beyond the public comment that we allowed for. This is really a session where we do speak to one another, and to discuss this issue.

There are no actions taken with a work study session and, of course, we want to hear from staff. And the other thing that I would, just for the sake of order, I would ask that questions come through the chair here, with me, but nevertheless. Unless you would like it otherwise, Mr. Stockwell, we would be free to ask questions as we go through this and that creates the dialogue we are looking for.

Strategic Initiatives Director Brent Stockwell: You certainly can do that. We have also prepared the slides kind of in a sequential order so that some of the, when you get to one slide, the question is on, the response --

Mayor Lane: Is answered on the next.

Strategic Initiatives Director Brent Stockwell: I certainly don't mind being interrupted as we go through the presentation.

Mayor Lane: We will keep that in mind unless we are on the edge of our chair if we have got to ask or something like that. We will try to follow that. But we want to facilitate to the best possible way the discussion on any of the issues as they come up.

Strategic Initiatives Director Brent Stockwell: Certainly. And this is also a very broad, very complicated subject. We gave you, I think, 80 some pages in your packet, just on this issue and we will obviously not go through every detail of that tonight. But there may be points where you have questions for any of the members of the team, and in the event that that happens, we will just use the extra microphones up there and have them chime in if they are the best person to respond to one of those questions.

When we first started looking at the compensation study, we looked a little bit more broadly than just police officer positions. We also looked at the sergeant and the lieutenant positions. But when we got the initial results back, it was clear that the most significant issues and discussion points focused around the police officer classification. So everything that we are going to be talking about tonight focuses just on the police officer classification. That's in the most recent pay period there were 334 police officers in that classification. That's the largest classification of employees in the city. It's more than three times the size of the nearest classification which I'm sure could guess is firefighters at about around 100 people in that classification.

So let's start going through this and there's slides over there and also here. So everybody should have easy access to one. As I mentioned, we will run through a number of key issues and present some possible options and costs and then really turn it over for your discussion amongst yourselves as a council. We are going to focus on what your approach, or what the city's approach will be for paying Scottsdale police officers. We are not going to be talking about the size of the workforce tonight. Obviously if there are more police officers, the costs will be higher. If there are fewer police officers, the costs will be lower. We are also not talking about overtime tonight, although if

you increase police officer compensation, the costs will be higher for the same hours. So we'll talk a little bit about the current status of that workforce, talk a little bit about turnover and attrition, and then talk about the issue of salary ranges, both for Scottsdale and within the region and how Scottsdale and other cities progressed through those salary ranges and then end up with some options and costs. So let's get right into it.

[Time: 00:08:28]

What this slide does, is it provides some context. It shows how long police officers have worked for Scottsdale. So moving from left to right, you see that 30 officers have worked for the city less than a year and then you get all the way up over to the right-hand side of the slide and you see that there's two officers that have worked for the city for 28 years. And if you look at that data in a little bit of detail, you see that about 80% of the officers worked for Scottsdale less than 15 years and 20% of the officers have worked for the city for 15 or more years. You see the largest concentration of officers is occurring in that six to nine-year time frame and that will be significant to keep in mind as you move forward.

Now, this looks in a different way, let's look at where your current police officers are within their pay range. So the left side is the minimum or starting salary and the right side is the maximum salary. So you can see how many officers are 5% above the minimum salary and there's no officers currently 10% above, and 15%, 20% and so on. So looking at that slide, 48 officers currently make the minimum salary of \$54,933 and some change. And 53 make the maximum salary of \$79,664 and about 60% make below \$68,666 and about 40% more. That's just explaining what that chart is talking about.

[Time: 00:10:11]

So this looks at that information in a different way, and this is the typical salary for each police officer at each year of service. So starting out at the minimum salary with 0 years of service, they progress from \$54,933 all the way up to, you see, at 15 years of service and then, of course, from two slides ago, all the way out to 28 years of service. They are up there at the maximum of \$79,664. And so you will see there, you know, a five-year officer is making \$57,520, seven year, \$65,125, all the way up. So those three slides are intended to give you some context on how many officers we're talking about and where they are spread across their years of service and then also where they are at within their salary range and how they progressed through time. You will see this line graph over and over again throughout the presentation.

Soon after we switched gears to looking at the turnover of police officers. This chart looks at six years of data. The current year, '14/15 is only a half year of data; but, it's annualized to a full year. So this percentage is spreading out what we have seen over a half year and it's annualized to the full year. And you will see that even year-to-date; we are higher than we have been from a percentage basis and prior years. And you will notice here and I will mention it again on the next slide that retirement, the first kind of column on that bar chart is driving much of the increase this year.

[Time: 00:11:59]

Mayor Lane: Excuse me one second. I will break the rule right away. Just on the '14/15 as you got this, you said it's been annualized. Are you saying you have taken the rate of attrition here in a pure number and applied it as an annual basis, or that you have taken the trend that's representative of the first six months.

Strategic Initiatives Director Brent Stockwell: No, mayor, it's the first six months of data. We took only half the number of officers. You will see as I go to it. There are 11 officers that have retired through the first six months of '14/15. This is looking at it actual and not annualized. So we took that 11 by half of the number of police officers to get the rate rather than the full number.

Mayor Lane: Gotcha. Okay.

[Time: 00:12:50]

Strategic Initiatives Director Brent Stockwell: Okay. So when you look at this slide and you look at the trends year-over-year for each year of the past six years, you see that one of the reasons why the attrition is up this year-to-date is because we have had more officers retire than we have in any of the prior full years, except for 2010/11. You also see that the voluntary is pretty much right on track with the last two years. But one of the things we notice as we talk through this, you really need to look at this data in a little bit more detail.

The next slide just looks at a particular portion of the voluntary attrition. And what we notice when we looked at the voluntary attrition, is something different was occurring in the last two years than had been occurring in prior years, and that is that officers have begun leaving to nearby agencies. This is something that had not happened before, had not happened in the prior six years, even hadn't happened if you look back even farther. And so we started to talk as a group, well, what are some of the possible explanations for that. We will walk through that on some of the next few slides.

One question we had is, well, you know, this is a large valley and people -- all officers don't live in Scottsdale. So is it possible that some of the officers are choosing to work near where they live? And so what this slide here shows you, this just shows you the distribution of Scottsdale police officers by ZIP code.

Mayor Lane: Excuse me. One more interruption. Councilwoman Korte.

[Time: 00:14:40]

Councilmember Korte: Thank you, mayor. Brent, on a couple of slides back, the primarily due to increased retirement. So '11/12, we have 14 voluntary retirements, right?

Strategic Initiatives Director Brent Stockwell: I'm sorry. Let me go into a little bit more detail, Vice Mayor. The first slide then, let's see, this one might be a little bit more helpful, because you are

looking at the first column there is retirement and the next one is voluntary and involuntary and a small number is due to death.

Councilmember Korte: Correct. So '11/12, we have 14 individuals who have voluntarily left the police force.

Strategic Initiatives Director Brent Stockwell: That could be someone leaving to another agency. That could be someone moving out of state. That could be someone taking a job with the federal government or something or leaving law enforcement all together.

Councilmember Korte: Okay. So then in the following slide on '11/12, you have one going to Tucson. Where did the other 13 go to? I'm misinterpreting then what you are trying to say.

Strategic Initiatives Director Brent Stockwell: Sure. What I was trying to do, and I apologize for this and I appreciate you asking the question because I have been looking at this data in and out for the last six months and so I might not be explaining it accurately. What I'm only looking at is that thin slice of the voluntary officers that are leaving to other agencies because that was the trend that was unique when we dove into the data in more detail. In your packet, there was a handout that listed on two pages officers that went to other agencies, officers that went out of state, officers that went to federal government, and all of those different pieces of things. So those were things that made up that total on the prior slide, the total number of officers going to other agencies, or voluntary attrition. So what this was just doing is just looking at those officers that were leaving to other agencies and you can see if only one of the officers in '11/12 were going to another agency, you ask where the other 13 went to. Those are people that either they moved out of state, they took another job out of state, they took another job with the federal government, they, you know, left law enforcement all together.

Councilmember Korte: Thank you.

Strategic Initiatives Director Brent Stockwell: There wasn't anything as significant as this chunk that's on that slide.

Councilmember Korte: Thank you. Got it.

[Time: 00:17:20]

Mayor Lane: Yes, Councilman Smith.

Councilman Smith: Brent, eventually I presume you will try to correlate between turnover or more specifically these departures to other cities and compensation. Did anybody do exit interviews with these people and was compensation the reason they left? Or was it family or personality reasons or whatever?

Strategic Initiatives Director Brent Stockwell: We do ask all employees, when they leave, what the reason is for their leaving. Sometimes you get compensation as a reason. Sometimes that's

masked with them saying that they accepted a promotion or took a better job offer and I think one can presume that compensation is a component in that. You mentioned that we are trying to draw a correlation between this. I don't think we are trying to draw a correlation. I think what we are trying to show you here is this was an interesting piece in the data that had happened recently that hadn't happened before and we will show a couple of possible reasons why that might be happening but we haven't gone into that in more detail.

Councilman Smith: So we should not assume this is because of compensation.

Strategic Initiatives Director Brent Stockwell: So what I will walk through on the next few slides is this might be because they are taking a job closer to where they live. This also might be because there is a gap between what a Scottsdale officer, with say, five years of experience is paid in Scottsdale and what they might be compensated if they went to the other agencies. So it's a pretty limited data set and I'm not going to go so far to draw that it's causal here. It's really kind of anecdotal at this point.

[Time: 00:19:22]

Mayor Lane: Brent, if I might, are we on the receiving end of any movement to Scottsdale from other communities?

Strategic Initiatives Director Brent Stockwell: Mayor Lane, we do receive some transfer officers as a result. In fact, just this week, yesterday, at new employee orientation, they were two transfer officers that were coming into the city, starting as lateral waivers. We will talk about that in a little bit. One of them came from a smaller agency in California and one of them came from northwest Indiana. We also had officers come from the border patrol and other places. But in terms of officers coming from these other six agencies that we're comparing to, what I'm going to try to outline in the next couple of slides is this is kind of an unusual and different trend than what has been seen in the past.

Mayor Lane: I'm sorry. What's an unusual trend?

Strategic Initiatives Director Brent Stockwell: Seeing this transfer between and among these seven cities, Scottsdale and these other six cities that are closest to us in size and closest to us in vicinity. You didn't typically see that.

Mayor Lane: So have we been on the receiving end from these communities?

Strategic Initiatives Director Brent Stockwell: I'm not aware of us receiving any officers from any of these other cities that we're looking at, no.

Mayor Lane: Is there anything that we do that inhibits that transfer?

Strategic Initiatives Director Brent Stockwell: Mayor Lane, that is a question that will be answered on one of the other slides. We are getting to a point where we are on this slide but we have tried to

anticipate some of these questions and we have them covered on the next few slides.

Mayor Lane: Okay. Thank you. Yes, Councilman Phillips.

[Time: 00:21:07]

Councilman Phillips: Thank you. When do officers retire? Is that after 20 years?

Strategic Initiatives Director Brent Stockwell: Yes, so officers would be eligible for retirement after 20 years in the public safety personnel terms.

Councilman Phillips: Do you know is that is the trend 20 years everywhere for retiring or if they like the job, they continue?

Strategic Initiatives Director Brent Stockwell: Well, what you will see from this slide here is that we certainly have officers that have stayed longer than that, and another thing to think about too is we're also only looking at police officers here. There's obviously a career progression that a police officer, a sworn police officer, can take to move to sergeant, lieutenant, commander, assistant chief and chief and so on and that can have an extending effect.

Councilman Phillips: That's what I was looking at. There are 27 eligible for retirement if they wanted to?

Strategic Initiatives Director Brent Stockwell: Yes.

Councilman Phillips: Okay. And I will follow up on the mayor's question. You said we had two transfer officers coming in from somewhere else. Do you know what level they came in at?

Strategic Initiatives Director Brent Stockwell: Yes, and that answer will be shown on a later slide.

Councilman Phillips: Okay. Thank you.

[Time: 00:22:21]

Strategic Initiatives Director Brent Stockwell: So I'm going to skip back here. So one of the things that we did look at is what our officers' home address is and looked at it by ZIP code. So we had the mapping folks chart this out. What you see is that we do have a considerable number of officers that live outside of Scottsdale. So you will see that more than one-third of the officers live in the southeast valley and many live in the Phoenix ZIP codes as live in Scottsdale ZIP codes. One of the things we thought about is if this trend is occurring where you will see coming up, an officer can go to another community and make more than they do in Scottsdale and if they already live in Scottsdale, then we are vulnerable to the extent that a number of these officers might be making less in Scottsdale than they might make in another community. So that's just the intent of this slide.

Now this is the one where I think a number of you have been interested in. One, probably the key reason we believe that this has been occurring is that other cities started hiring transfer officers. So rather than hiring a recruit and starting them at the bottom of the range and moving them up, which has certainly been, my understanding has been, the typical practice in Scottsdale and other communities as well. When they had some vacancies and they looked at what the market was out there, they realized that if they opened for a lateral or a waiver candidate, a lateral would be an in-state, or waiver would be an out-of-state candidate, they could attract candidates from other communities.

And so what this chart shows you is what a typical five-year transfer officer would make in the other cities. And then it shows you what a typical Scottsdale officer makes. So that's the second triangle in. That's \$57,720 and then it also shows you what we would pay currently an officer coming in from another community which is the bottom of the range. So Councilman Phillips, your question, those officers would be hired in currently at the bottom of the range.

[Time: 00:24:40]

Mayor Lane: I'm sorry. To that point, though so if there's an inhibiting factor of the receiving end of officers from another community, it's the fact that we do not consider their experience? And bring them in at the \$54,933, is that the minimum? Is that starting?

Strategic Initiatives Director Brent Stockwell: Yes. So that's precisely the point that I was going to make. I was going to make two points with the slide. The first one is that a Scottsdale officer with five years' experience could go to any one of these agencies and make more after they complete their field training than they would currently making in Scottsdale. The other thing is that it's highly unlikely that we would attract any officers from any of these other communities with our current practice of bringing people in at the bottom of the range. However, you know to that point, we have been able to attract some transfer officers and remember; we're only looking at relatively small slice of the pie here with seven agencies. There are certainly more agencies in Arizona and more agencies throughout the country that would pay less than any of these cities.

Mayor Lane: If I might too just on follow on this, any of these cities that do pay for transfer officers with five years' experience are they are bringing them to the level that they pay an officer, or comparable officer with comparable experience their particular municipality or are they considering any potential bonus or cost recovery of not having a -- I don't know what training that they bring to them, besides their experience, but nevertheless, of not being a new recruit more or less.

Strategic Initiatives Director Brent Stockwell: Mayor Lane, we have an attachment in the materials and it covers a wide variety practices. Some of them bring them in at what an officer in their jurisdiction would make. Others account for a percentage or a flat rate for certain ranks.

Mayor Lane: No matter what their policy is, does this the lineup of what they do for a transfer of an officer with five years of experience?

Strategic Initiatives Director Brent Stockwell: Yes.

Mayor Lane: And it might be easy to assume that Tempe, Phoenix and Gilbert might be paying a premium for that cost savings of that transfer?

Strategic Initiatives Director Brent Stockwell: With the data we have we didn't know what the rationale was behind what their policy was. We were laying out that they had policy and if you follow their policy, this is what it would be. The side note is that once we have direction from the Council on whatever your approach is going to be towards paying officers, the City Manager has committed to fix this issue so that we'll bring in officers at whatever that typical officer is paid.

And the core issue here is when you are not doing regular increases, you don't want to bring in someone from the outside at a higher rate than your officers that have been moving through the system here. And that's precisely the reason why Scottsdale doesn't currently have a policy in place, but it's something that will be addressed so that when an officer does leave that we are attractive to bring somebody in at a rate that's fair and equitable given what other police officers are making. I guess just a final on that topic for me.

Mayor Lane: I can understand the logic behind why we may have the policy that we have, but it does put us at a disadvantage when we think about the marketplace overall? Councilman Smith.

[Time: 00:28:18]

Councilman Smith: One is following up on the comment of the Mayor. You talk that we have transfers in, but we are bringing them in as new hires at the base, at the minimum salary? I'm not sure if it's fair to call them transfers in because they may have experience, but we're just bringing them in as new hires. They are brand new to the force. So we really don't have a transfer in policy per se?

Strategic Initiatives Director Brent Stockwell: Councilman, that's correct. The only reason why I was calling them a transfer is that they didn't have to go through the academy after being recruited. So they are not going to have to go through that academy experience because they are either qualified because they have been through AZ Post or qualified from another state.

Councilman Smith: The second comment on this chart, I'm always mystified that Phoenix is in the mix of the cities that we look at. If your typical five-year person left here to go to Phoenix, he would sacrifice all of his pension accrual in the state program, wouldn't he?

Strategic Initiatives Director Brent Stockwell: I appreciate you mentioning that. This is one of the things that's unique for public safety that is not present with the Arizona State retirement. Everyone is in the public safety pension retirement system in Arizona so they are going to keep their whole pension. And that's one of the things I anticipated talking about later on the slide but it's one of those things that does make police officers different than kind of your typical civilian workforce in the city. Especially in comparison to Phoenix because Phoenix has their own pension system for civilian

employees and so a Scottsdale person is going to be changing pension systems to go to Phoenix and vice versa. But that's not the case for police officers.

[Time: 00:30:18]

Strategic Initiatives Director Brent Stockwell: All right. Let me take a breath for a second. Like, you know, I'm relatively new to this issue. I started studying it about six months ago. I'm trying to understand it and then relay it to you. And I'm sure the City Manager and the City Treasurer will nudge me if there's a point where I should allow someone else to speak on an issue. All right.

So now we are going to switch gears a little bit and look at salary ranges. So when you look at salary ranges. So the minimum amount, a base salary that Scottsdale or one of the other cities will pay or the maximum amount of base salary that they will pay, what you see is when you just look at ranges, Scottsdale ranges are very competitive with the other six cities. Scottsdale has the third highest minimum salary and the highest maximum base salary.

Not a surprise for a couple of reasons, one is you remember a couple of years ago the City Council adopted an approach setting that minimum salary at 105 percent of that average. So we should expect the minimum salary to be above the average. Not a surprise with the maximum either because currently all of Scottsdale's ranges with our most recent compensation schedule are set for 45 percent from the bottom to the top of the range. So if you have one of the highest minimum and you have a 45 percent range, you should have one of the highest maximum. That is true of all of Scottsdale salary ranges with the exception of the firefighter ranges which are a smaller range.

Now if you just look at this, and from time to time, as we looked at this issue, we only looked at this issue, you say well what's the problem. The issue is how you get salary increases and how you progress through the ranges once you get hired. So let's look at that.

So here's where some differences emerge between Scottsdale and some of the other communities. One of the major differences is that a number of the other communities have what is commonly referred to as a step policy. So in particular, in Gilbert and Glendale and Mesa, the first three on that chart, an officer will come in at the minimum of the range and then each year of service, until they get to the maximum of the range, they will step up through that range 5% each year from the bottom to the top of the range and then once they get to the top of range, they will stay there. Phoenix is only a little bit different because they do a staff at six months, and they do some intervening steps and that's why you get kind of the different calculations there.

And then Tempe is also unique, because they recently adopted a new approach for all three of the levels but let's just look at police officers where moving forward they will do 3% increases but you will note there on the last couple of years, they had had 5% and 5% and they are starting in with the 3%. So from now on when you look at Tempe and you see Tempe there, we will show this approach moving forward but it's important to understand that their actual officers aren't going to align to that step plan, because they are going to be at what they actually got paid in the past. Okay? And that just shows you what the proposal is moving forward.

Chandler is also a little different. Chandler is, in some ways similar to Scottsdale because the only way that they are going to get merit increases is if it's approved by the city council through the budget process. And so you see there, both for Chandler and for Scottsdale, what amounts have been approved in the last three years.

Now, we're going to look at this in a slightly different way on the next slide. So you may recall this slide, particularly if you were around in 2013 when the salary increases were given to police officers, because this was a version of the attachment that you looked at at that time. We updated it for another year and you will see if you look at this, that this has all ongoing salary adjustments regardless of the type. That will include both the merit increases and then if any across the board adjustments have been given or any programs to catch up employees to where they might have been had salaries increases had not been suspended and that shows you what that is.

So you will see that Phoenix had continued to give some sort of base salary adjustment in each of the years. And others missed some years during the recession, not unlike Scottsdale, but have resumed increases either sooner or at a higher rate than Scottsdale. So this just kind of gives you a broader look at some of the same information, seeing that over time. So you can also see the point I was making about Tempe earlier.

On all of the charts that are coming forward, I'm going to show you what the step program would be if they had the step program in place for all of those. You will notice that for all of those other communities, Phoenix is the only one that has had some sort of step program in place for all of those years.

[Time: 00:35:57]

Mayor Lane: Councilman Phillips?

Councilman Phillips: Thank you. So two questions. One is Phoenix, Glendale, Chandler, Mesa, Tempe, are they all in the police union?

Strategic Initiatives Director Brent Stockwell: Phoenix, Gilbert, Chandler, Glendale, Mesa, Tempe, correct, they are all represented and they all have memorandums of understanding with those cities. That's another difference between communities. Am I speaking accurately? Thank you.

Councilman Phillips: Okay. And then the other question was, you know, of course, you don't work for Gilbert but I'm wondering but 19.6% increase in one year, do you know the reasoning behind that?

Strategic Initiatives Director Brent Stockwell: Yes, councilman, I can talk about that. And so what Gilbert did in '12/13, they did a citywide compensation study. That was around the same time that Scottsdale did a citywide compensation study. They looked at all of their classifications, including police officers. And one of the reasons why they were, one of the stated reasons, is they were having difficulty recruiting the caliber of candidate that they wanted. So they looked at that. And what

they found as a result of doing that compensation study and they hired an outside firm to do that, if I remember correctly, they made some adjustments. And that's a catch up in year '12/13. They saw where they wanted range to be based on the market and they saw where the officers were and they moved people up and they moved them to where they would be on the equivalent step. And so that 19.6%, if I remember correctly, is kind of an average across all police officers and that's what happened. You will see they hadn't been doing increases and so they in part caught up for not giving increases and they also caught up to put the officers where they would be in that new range.

Councilman Phillips: And that's the regular patrol officer, that's not --

Strategic Initiatives Director Brent Stockwell: A police officer, yeah. And so it's an important distinction here. It is a patrol officer, but in some cases, it's also going to be a detective that's at that police officer classification. We are not talking about sergeants, lieutenants or, you know, any other management or supervisor. But it was precisely at that point where Scottsdale had its first departure of an officer. You might recall it mentioned at, I think a budget meeting, where we said an officer just left to Gilbert. This was a couple of years ago. And it was an officer that lived in Gilbert that had seven years of experience and so what Gilbert did with this new approach is they brought them in with seven years which happened to be the top of the range for Scottsdale. So after they completed their field training with Gilbert, they went to the top of the range in Gilbert and got a considerable salary increase.

Councilman Phillips: Thank you.

Strategic Initiatives Director Brent Stockwell: Yes, that's a really important point to see how the actions that other communities take can have impacts on the other communities in the region.

[Time: 00:39:00]

Mayor Lane: If I might question a little bit on some of what Phoenix's actions have been principally with some significant increases back in '9/10, which was pretty critical component year of a lot of budgetary issues. Were there other components within that to allow or to move that direction? And I'm talking now about other staffing issues or anything else that ended up contributing to this direction for Phoenix? It does seem a little odder than what's happening in Gilbert, you know, after a number of years. At the depth of the recession, when things were crashing to the ground, to have invoked this it seems like there must have been some other offsetting issues.

Strategic Initiatives Director Brent Stockwell: Sure, mayor. Again, these highlight some of the challenges with looking at seven cities simultaneously. It's hard enough to understand what we have done and all of our practices let alone to go and try to recall all of these different things. I will talk to a couple of them.

Mayor Lane: You said you put six months into it. I figure you would have a master's degree in it by now. I was going to commend you earlier before you started to take exception with your abilities, I think you have done a great job and I appreciate even what has been given to us ahead of time.

Strategic Initiatives Director Brent Stockwell: Thank you, mayor. I appreciate that. What Phoenix does when they look at compensation, when they talk about compensation, they look at total compensations. They are not just looking at the base salary and all the additional pays which we will get to in a minute. So they are looking at the benefits. You will recall that you heard in the past it was said that Phoenix police officers had taken a pay cut. When they talk about taking a pay cut, my understanding is they are talking about taking a total compensation cut. So if when healthcare benefits, the percentage that are paid by the employee, rather than the city changes, that is looked at as a pay cut. If we start looking at things that way here in Scottsdale, it will become a much more complicated discussion. That just explains to you the way they talk about compensation in Phoenix is different.

So what can happen and they also have multiple bargaining units and multiple memorandums of understanding in place just among police officers, okay? So it's very complicated to talk in general about Phoenix and what they do. They have got by far the most complicated system and they also have more officers, police officers than all of these other cities combined. So it's really an order of magnitude issue here. It's a market adjustment across the board, in addition to and up to 5% merit increase, up to the maximum. And what they were taking into consideration there is a loss of other benefits. So if they were going to raise the healthcare benefits, then they were offsetting, they were giving them a greater market adjustment, if that helped explain it.

The other thing that happened with Phoenix and I know this has been explained to me a number of times, they also were reducing officer levels throughout that period. And so when you reduce the number of officers that you have, some of that increase in compensation took that into consideration. That's my understanding. That's the way it has been explained to me and I think that's what you were, you know, in part getting at with that issue.

Mayor Lane: Yes, I know there have been some issues of staffing and now re-staffing for cuts in force that have been facilitated somewhere. That's why I guess I was more looking at that prospect.

Strategic Initiatives Director Brent Stockwell: Phoenix has some complexities in that they have some that are funded through general funds and others in specialty funds. My understanding is they were shifting officers between funds and all of that. Suffice it to say, Phoenix is a very complicated issue and I think you all would be, we all would be glad that we are dealing with Scottsdale compensation issues related to police officers and not that issue. I hope that gives you some context.

Mayor Lane: We know on the funding side there have been some issues of where they chose to draw funds from and some of that has been questioned. But in any case, I appreciate the answer to that point.

Strategic Initiatives Director Brent Stockwell: It's just a snapshot here. And let me also say too, I think throughout all the conversations, we haven't been talking about and we're not sharing this data to say, okay, here's the number and get to the number. It's just for the point of context, knowing what some of the other cities are doing and the context around and then for the Scottsdale City

Council to figure out what is the approach for Scottsdale moving forward and then figure out that plan and move forward with it. But what you will notice from some of these prior slides is each one of these cities, in part because of the issue that Councilman Phillips raised, that they are represented by unions in each case. They have a defined philosophy for how they are going to pay police officers. And so they know what it is and they know what it is moving forward and Scottsdale, we will get to on some of these other slides, has not had a defined philosophy of what it will be moving forward at least in the next couple of years.

[Time: 00:44:33]

Mayor Lane: If I might just throw in one thing with regard to that last question and that is -- the only reason I asked that question, we are making some comparisons and in some instances there are different circumstances as to what they were trying to accomplish, where they were at the time. Even though these numbers may seem large and a little out of whack, given maybe the circumstances as we see them, we are still making some comparison here and it's sometimes good to know what the component parts of those decisions that they have made.

Strategic Initiatives Director Brent Stockwell: Yes, that's absolutely correct. As you look through all the information that was provided, you will see stuff on staffing levels and the staffing levels varies and the amount of general fund budget available and the revenue stream varies. Each one of the cities, even though they seem quite similar, as we talk with budget staff and management staff from the other cities there are unique issues about each one of the cities in their revenue streams, in their expenditure commitments that go beyond even these particular issues that make each city unique. We were just trying to present it because we know each year through the budget process that these issues have come up, very frequently the issues would be brought up within context of what the officers are making in other communities. And I know that both at the point of recruitment, and then also as officers moved through their career, they are very aware of what other cities are offering in terms of starting salaries and they are very aware of what their counterparts are making in other communities.

So it's particularly germane for that reason, because of the point that has been raised earlier, that all of these officers are Arizona police officers, standard board, AZ Post certified. So they are, as has been said before, they are free agents and can go to any of these other cities and the retirement is transferable among those cities and so that also makes them a free agent. I say that to say I agree with you. It's important to understand the context behind here and it's also important to understand why we are even looking at the comparative information at all.

[Time: 00:46:49]

Strategic Initiatives Director Brent Stockwell: So I'm going to fairly quickly go through a series of slides and get on to another subject. What each one of these slides will do, will show you the lighter color will be Scottsdale and it will show you what the typical officer is making at each point along those years of service. And then it will show you what that trend line looks like in the other community from their minimum salary to their maximum salary. And it's just to visually show you the impact of

these different step programs. It is not intended to show you what an actual to actual comparison in each case because it's more complicated than that. What you see here on Phoenix, just the comparison of the base salary alone, the trend, I mentioned 5.3 I can't recall what the higher end of that was. You see Glendale and you see that approach moving all the way through and then what I will do is I will eventually get to, I will run through each one of them point by point and get to an average.

[Time: 00:47:59]

Mayor Lane: Councilman Smith.

Councilman Smith: I think I understand these correctly but it's worth maybe explaining. The numbers for Scottsdale or the line for Scottsdale is the salary experience of people that's finely displayed there over the past 20 years, let's say 1995 to 2015. And the other line is 20 years into the future, isn't it?

Strategic Initiatives Director Brent Stockwell: Not quite. So what this chart and the subsequent charts are trying to say for Scottsdale is that is going to show you the dot of what a typical one-year Scottsdale officer makes today, a typical five-year Scottsdale officer makes today, a typical 15-year Scottsdale officer makes today.

Councilman Smith: That's the result of the past 20 years of salary decisions for those individuals?

Strategic Initiatives Director Brent Stockwell: Yes, and I have a slide later that highlights what you will see on here and you can see on here right now, first couple of years are the result of the 105% fix, so to speak. You can see the year 6 through 12, the effect of the 2013 increases, and you can also see when that stair stepping up, you can see the result of Scottsdale's past practice which I will show you on a future slide. So the reason that Scottsdale looks so unique and different is because it's had a variety of different types of programs overlaid on it.

Councilman Smith: But I'm sure these other communities have as well. I mean, I know it would be a huge task to figure out the past 20 years' reality for those other communities to lay along ours, but to me, that seems like that would be the only graph to be meaningful, to compare our projection to your projection.

Strategic Initiatives Director Brent Stockwell: It would be helpful if we could get, and we tried to get, the City Treasurer reached out to his colleagues and we tried to get this information. What we were trying to do is find out with each year of service, what each officer in the valley was actually being paid so we could compare and get that. We could not get that information because different cities collect different information differently, because they didn't know how long. They didn't track that in their system for a variety of reasons. So we could do it for Scottsdale but we couldn't do it for the others. I was just trying through a number of caveats to make sure everyone understood what this showed and what this did not show, and I think he pointed out a number of the things that this does not show and should not be intended or interpreted to mean. So this is only showing what their step program

would be for those -- what could be for each one of those. In Phoenix, it's more like what there actually is because they've had a more consistent practice. For the other ones, it's less. And as I mentioned before and I will mention again, the Tempe one is really completely different because it's just showing this new program moving forward.

[Time: 00:51:03]

Mayor Lane: Councilman Phillips?

Councilman Phillips: Thank you. And I just want to make sure I'm not getting confused by this, but it looks like the average of all of these charts shows that it would behoove other city officers to go to Scottsdale had they been in service for a long period of time, because it looks like we pay more at the end than in the middle.

Strategic Initiatives Director Brent Stockwell: If I could hold off on responding to that question.

Councilman Phillips: If they came here, they start at the base, yes?

Strategic Initiatives Director Brent Stockwell: Well, yes, could you have 15 -- I guess the simple way is you could come to Scottsdale with 15 years of experience but you will not be considered a transfer as Councilman Smith was talking about. You will be considered a new hire and so one would likely not do that.

Councilman Phillips: Right.

[Time: 00:51:49]

Strategic Initiatives Director Brent Stockwell: What we will do is we will talk about that gap between the top of the range for Scottsdale, and the top of the range for the others because that was something that we did talk about as a group a lot and I do want to talk about that in a minute. I was really intending to quickly, as a visual, show you what the progression looks like. So all of our Scottsdale officers know where they fall along that chart, and they would also know where the typical officer in the other communities would make. This is Phoenix. This is Glendale. Gilbert, Mesa, and so, you know, you see at each point where they are along the range and where it would be competitive and where it might not be as competitive.

Tempe, and again, I will make this caveat because it's really important. This is only showing Tempe's step plan moving forward. Their actual officers are paid higher than any point along that scale. In some cases, though, as, you know, as Councilman Smith was mentioning, in some of those other communities they might be at a lower point along that scale because they might have missed a step in that year because it wasn't funded because of the recession and the economy.

So then what this slide does, and you will see this slide a number of times, just for the sake of comparison. What we have done is we have taken those five cities that have step plans and shown

what that average is along there, so you can see it compared to Scottsdale and this is the same type of slide that you have seen in the past, when this issue has been raised by the police representatives in the past. So you have seen this type of slide. So you can see that in the first couple of years, Scottsdale's pay is ahead of what the average for those other five cities is and you see over time, it gets to a point where it's higher. Again, with all the caveats we have already talked about.

Now, let's look at this chart, the same chart in a slightly different way because it's hard to gauge what the actual dollar amount differences are between each one of those. I attempted to do that on this slide and this shows from 0 to 20 years the gap between Scottsdale's pay and what that five city average is. And so all this slide is trying to show you is that at year five, there's a gap of about \$9,000 in between what that average is, and what Scottsdale pays now, it's an average. So nobody is actually being paid that exact amount this is for representative.

[Time: 00:54:33]

Mayor Lane: Excuse me one second. Councilman Smith has a question. Let me ask for forgiveness, and indulgence, my dependency on a screen up on the dais has left me unarmed here as far as acknowledging some of the calls to question. Councilman?

Councilman Smith: You can give us all whistles. Thank you, Mayor. I think I just -- go back one slide, which was the average and it illustrates it as well as anything. Part of the reason that the yellow line is depressed below the other line is because as you pointed out on an earlier slide we had several years when we had a minus 2%. We had a 0, we had a 0 and then 2 and 2 and 2, and all of that gets reflected in the yellow line. That's the reality of it, that has depressed the earnings of all of our police officers at various points there and it just seems unfair or misleading to compare that to a line that has not in any interruption as you displayed the line for the other communities or any individual communities. You have not factored in any zero earnings year. I guess I'm not sure that this is or that I'm comfortable relying on this in any way to say we are above or behind or whatever. It is history compared to a projection.

Strategic Initiatives Director Brent Stockwell: Councilman Smith, I understand that. Two thoughts to keep in mind, the Phoenix slide based on the increases that we knew we have. We do know that that's a complete progression and we also do know from Gilbert because they did that catch up and moved people to the right step along that way, that they had addressed that. And that was also intended to be what some of those additional increases from some of those other communities are, but you are not going to get any disagreement from any of us about the limitations of the data that we have to present to you. We certainly tried to get that actual data to be able to compare it and you will see the instance where we do have some actual data in a little bit. I understand your point.

[Time: 00:56:49]

Strategic Initiatives Director Brent Stockwell: Moving on, another reason why I think this is precisely the point that this was just raised, one of the reasons you have the gap in the history that you have, this goes back over 20 years now, the practice in Scottsdale was to budget up to 5% for merit

adjustments in each of the years. And then in addition, in each one of those years on this chart, up to 2008/9, there are also market adjustments. Those were changes that moved the range and also moved everybody within that range that percent, within that year even if you were at the top of the range.

So the only reason why I present this is to keep this in mind as Scottsdale employees, and this was in place for all Scottsdale employees not just for police officers, but this was the context. The historical context that was on there and then you will see in 09/10, the result of the 2% across the board pay reduction and then you see the last three years of increases, the 2%, the 2%, and the 3%, and those, again those were merit and they were available to all employees. The important thing in the last two years is that was just a percent that was budgeted; the actual amount that an employee could get from zero to more than that. It was up to the discretion of ultimately the department head of what percent they would get in there.

The other thing is this is an important chart to keep in mind when we talk about cost options later. Some of the other cities have done fixes to move people where they might have been had there been a step program in place all along. If you can visualize, if you take that 5% line all the way and extend it out, if I was at the screen and touching my finger on the screen, I could actually show this to you. You can take this all out and if, for example, you wanted to have a 5% plan moving forward and you wanted to catch up for the 5% in the back end that had been missed in the past, you would have to in essence fill in all of that gap. And that's precisely why in Gilbert's case you saw that 19% increase because they had all of that filling in of that gap to do. So whenever you try to catch up for past gaps, it makes for a fairly large sum. So that was just context.

Now, it was asked before about the top of the range. Now, this is the results from the cities where we could actually get payroll data from the other communities. Now we couldn't get, in each case, how long the service had been, but we could get all their officers and what they were paid. So this shows for Chandler, Glendale, Phoenix and for Scottsdale, how many officers there are in those cities, what the average salary was of those officers. And then we looked at all of the other pay, so assignment pay, specialty pays, any contributions that they were making at that time and into retirement, any longevity payments, any educational supplements, any of those things that they were doing and you will see the amount on average of what those were across all of that.

And then you see what the then average total cash compensation for all of those pays was and you see that as a percent of what the base salary is. Now, this is a variety of different things. It does not include overtime, so overtime is not included on this. So this is any other pay other than that.

But as we were talking about it, one of the issues that was explained to us by the police officers on the team was you can't just compare base salary to base salary, particularly when I look at Phoenix, because on average these other pays are resulting to 13% of beyond their base salary. And so when you are looking at that base salary line and seeing Scottsdale topping out higher than those other cities, well, we can't exactly get you a line that shows what the difference between -- you can keep in the back of your head that at least for Phoenix, and to a lesser degree for Chandler, they have got some additional compensation that is going on on top of that.

This next slide looks at similar information in a slightly different way. So this is how Chandler actually looks at their police officer compensation. They primarily look at what the maximum of the range is, and they look at three specific additional cash benefits. They look at city contributions into deferred compensation, city contributions into retirement health savings accounts, and any longevity pay that's done. And so what you see there is which cities pay those three and which cities don't pay those three. They total them up and rank order them and then they make their adjustments and compensation based on year-to-year changes.

Now when Chandler looks at compensation, they see that Scottsdale is at the number two position. And that's because they are only looking at the top of the range. They are not looking at progression through the range, but these was trying to provide you a little more complete picture of those additional compensation pieces that Scottsdale doesn't have that those other cities do. Now as we talked about it as a team, there wasn't necessarily any desire and incentive to match on a like for like basis all of those, but rather to understand and they wanted to make sure that the City Council understood that when you are looking and comparing salary ranges that you should make some adjustment or some consideration for these additional pays that the other police officers and the other communicates are getting that Scottsdale officers are not getting. So that was just some additional context on that.

That's the context slides that I have with one more slide that explains what has been happening in the past. I was going to give you some options. This is as good a point as any to interrupt with questions.

[Time: 01:03:14]

Mayor Lane: You talked about in the last slide the additional cash benefits that are considered in some of these comparisons, and I think that's an important point to make. Is there anything outside of the realm of what you looked at here for any of the participants within this community of cities that are seen as an advantage, cash or noncash, to the Scottsdale market versus maybe some of the others?

Strategic Initiatives Director Brent Stockwell: In all of our conversations, I don't recall a conversation about that. I mean, what the general thought was, if the Council adopts an approach that, you know, compensates police officers, competitively within the market and they have an opportunity to move through the range, then you don't have to worry about each one of these particular issues that it will all come out kind of in the wash in the end over time.

However, I would say, and you would have seen this material in the packet we put together, this was a detailed itemization of all of the different types of pays that you can get in other communities. And I think there might be interest moving forward if the City Council didn't kind of come up with the priority, you might hear more of that moving forward in the future. They might say, you know, the k-9 unit gets this type of pay and we should get this type of pay too. The people who get their master's degrees they get this type of pay and we should get this pay too. And officers who have

been with the force for 10 years they should get this type of pay too. What they liked, what we talked about is have a salary range, make it competitive and have a fair and equitable way of moving through that range and don't get into all of these other ancillary issues.

[Time: 01:05:17]

Mayor Lane: You know, obviously morale is a big issue in every community. So the basis of compensation, base compensation is always a primary factor to focus on. The reason I was asking, there are a couple of things I wondered whether or not they are consistent here versus other communities that have some real impact on what I would see from the outside as certainly not as an officer, but as an advantage in a monetary sense as well as maybe in an environment sense, and notwithstanding the prospect of a morale issue that relates to compensation levels.

One of them is, obviously, and maybe I'm getting just too proud of our community, but frankly, we have a great environment to work in I believe on the overall, and a great community. Now, I don't know that you can measure that in dollars and cents but I think sometimes it does pose to be an attraction.

The other is by virtue of the nature of our community the availability, albeit they need to work it, but the availability of overtime that is made available throughout their career, as it is, and how substantial an impact that can have on not only their take home pay and compensation through the years but also in their pension development. And so I think that's seen, in most quarters, an advantage and we may not have exclusivity to, but we may have certainly, openness to that.

And one final item is, and I don't know whether this is shared across the various communicates or not, and that is sort of the double pension issue of the pension as well as Social Security as a pension component too. The contribution on the part of the city and the contribution on the part of the employees, in addition to the taxpayers' contribution to the normal pension plan which we know each community has a different percentage that the taxpayers pay. I think we are somewhere in that 26% of salary is being paid on the city's side, the contribution of that. And on the Social Security there's probably somewhere if it stands where it is, part of it going to Social Security some of it going to Medicare, but nevertheless, some 7 or 8%. So I don't know whether any of those that I just mentioned are comparable in other communities and whether they are considered when the overall applicant thinks about coming to Scottsdale or not.

Obviously we have a big potential holdback when we don't compensate anybody or we certainly don't recognize five years of experience in a lateral transfer. So those may just go to the side when you think about that issue. But I don't know whether we looked at that or whether that's something that maybe needs to be considered. Even depending upon what direction we receive that we as a Council give tonight, with regard to some plan or another, whether or not some mitigation on some of these other items is considered.

Strategic Initiatives Director Brent Stockwell: Mayor, I understand what you are saying. Certainly the intangibles issue, if we were going to talk about the overtime issue and the comparability, we need

to have an entirely different work study session. Whenever we started talking about the issue and about the differences between how the different communities do this, that, and the other, that started to take us off on a longer conversation.

Mayor Lane: Well, I only mention these because we are really talking in a larger sense a competitive issue of a work environment on the overall.

Strategic Initiatives Director Brent Stockwell: Yes.

Mayor Lane: And that's why I brought up before, what were the circumstances of some of the changes that some of the others have made.

Strategic Initiatives Director Brent Stockwell: Absolutely. And I don't recall us looking in particular at the Social Security issue but we have noted that to be able to look at that moving forward.

[Time: 01:09:20]

Strategic Initiatives Director Brent Stockwell: I will get into some costs and options and I can back out of the way and you can have the conversation among yourselves. This was the slide I talked about to highlight for you some of the decisions made in recent history. One of them was to move the minimum salary to 105% of the valley average approach and that was described and discussed as a recruitment issue and that adjusts the minimum salaries. And around that same time, just shortly thereafter, there was the citywide compensation study and then followed by what was called a ranking and slotting process which adjusted salary ranges. And then there was also the 2013 salary increase which was both a salary increase and market adjustments, particularly for officers in the 5 to 11 year time frame.

If I get back to this albeit a limited chart, you will see a couple of things on there. You see the effect of the 105% so you have all of those kinds of new officers that are sitting there all at the same level. That was 105% that moved them up. You can see the effect of the 2013 salary increase and that moved those officers closer to that average than they otherwise would be and then you also see in that circle and also the people that are up there at the tail end from 15 to 20 years the effect of those many, many years of those up to 5% market adjustments.

That got us, even though we didn't have a step plan in place, when you have a funded up to 5% program for 20 years, you are going to see officers progress through that. Now, while not every officer got 5% in each year, it was dependent upon your performance evaluation and some officers would have gotten 4% in some years. And when you actually look at the data, you will see a spread in salary that's indicative of those types of approaches and individual performance evaluation over years but you will start to see kind of a trend, kind of a step-like trend over time with that type of thing.

So that just shows that because I thought you might have that question. We looked at this issue a couple of times. You can see the effect. They each had the effect of moving it towards the valley

average, it's just the gap still remained. And another important point is that you are comparing two moving targets too. Because other communities are moving salary ranges as they go throughout the year and so it's a complicated thing. All of these things are moving at the time, which is precisely why you say, we fixed the problem by moving to a current set point in time, more so adopting a philosophy that will guide you over time.

So we have six options moving forward. We realize these are some of the options you might have other options that you want staff to research and come back with at a later point, but what this one does is if you think back a couple of weeks, you had a conversation with the Budget Director and the City Manager and the City Treasurer about some of the key issues were in the budget and what your thoughts were on things to consider in the proposed budget.

So this option A shows you the full cost of 3% to the maximum range for police officers and this is what's kind of the default in the budget today for all employees. So 3%, once you get to the maximum, you are at the max. But this shows a 3% to the max for all of those. And we are going to show all the other options off of this. Obviously just to get to 3% of the max has some considerable cost to it. That full schedule was in your packet. If you want to have the full amounts of any of these, it's in your packets. But what we are going to do now is just look at the difference of this point. If you have a 3% to the max,

[Time: 01:13:30]

Councilman Smith: Mayor?

Mayor Lane: Yes, Councilman Smith.

Councilman Smith: If I recall correctly from an earlier conversation we had this is including the 3%. It might on instructive to talk about what the 3% really was in each these years and cumulatively for the five. Because this was the base plus the anticipated three, correct?

Strategic Initiatives Director Brent Stockwell: That's correct. So the difference is \$920,000. So by adopting a 3% to the max solution for police officers as kind of default position, that's already costing the city \$920,000 in the current year and that totals down to 13.52 million additions over five years. So I appreciate Councilman Smith bringing up that point because there is a considerable investment already in Option A, but all of these other slides will show you the difference from what's in the default budget today.

[Time: 01:14:42]

Strategic Initiatives Director Brent Stockwell: So this just shows you what would happen if you did the 3% increase in '15/16. This is only one year. Obviously because it's budgeting 3% this year and moving forward each year after that, it's going to continue to move people up along over time and eventually probably somewhere between 11 to 13 years, you will get to where you will have a spread of 3% steps all along there, because you will start to see that working and that's the same with these

other proposals as well.

So just to go back really quickly on this first slide again, you see the total dollar amount of the option in year one and because each year you go on, you have to pay that increase, plus the additional increase on top of that. And that's why the amounts are cumulative. And there is an important asterisk for '16/17. In '16/17, it is going to be a lot higher than it normally would because that's a year that we have 27 pay periods rather than the usual 26. So you will question it on all of slides if I don't point it out right now.

And the other thing about the future years, there's also a note there that that includes the assumptions for increases in health, dental and retirement in those outer years. So we know and can anticipate, and we kind of plan for those moving forward and those are really going to happen regardless of what the Council chooses to do with your merit, your percent increase philosophy with the police officers, but nonetheless, it's included in there.

So just quickly through the rest of these, if you decide to go and budget 4% next year, and moving forward, that will be an additional 300,000 in year one and that totals down. You see the additional amount from the default position that's in the current budget. And you will see that that does a little bit moving forward in '15/16. But really what the effect of adopting a 3, 4 or even 5% increase moving forward is you are setting employees on a plan that over time is going to get them from the bottom to the top of the range.

In the case 3%, it would take about 13 years and in the case of 4%, it would take about 11 years and in the case of 5%, it would take nine years to get from the bottom to the top of the range. That's an important thing to think about. Otherwise, you might look at that and see those gaps in the first year but it's important to note that none of these 3, 4, or 5% approaches are going to close that gap in one year. That's going to be a multiyear longer term approach, if you understand what I'm saying.

[Time: 01:17:23]

Mayor Lane: I think so.

Strategic Initiatives Director Brent Stockwell: Or if you have another question.

Mayor Lane: I am not speaking for everyone else but you looked right at me when you asked that question.

Strategic Initiatives Director Brent Stockwell: I try to anticipate the questions that you will ask but I don't always do well at that.

Mayor Lane: What I was going to say, and I'm looking right now just only for point of reference and that's the 4% increase on the 2015/16-based salaries. And one of the things I suppose would assist or help move it to top of scale, I presume, within and one of the things the communities, they get to the top of scale at a faster rate than we do. But once they get there, there's not a determinable sense

but it's sort of flat lined at that point in time, unless the scales are changed. So that's an interesting, I think, observation when you think about the prospect for our law enforcement. Whether it's a motivator or not, but nevertheless it does, I think, it does encourage and incentivize new recruits to learn and gain experience here as they move through that and become more valuable, particularly in the early years.

I'm wondering whether or not, even as we talk about this, whether there's not some kind of tiering of that. When I say that tiering I'm talking about in the early years even though there may be a set amount, this may be a range of that step amount that's higher in the earlier years than it might be in the progressively later years. To sort of even that line out a little bit but also give the -- it's just a thought. I don't know that it's covered here or not but it just seems like it might be something that would facilitate, I think, the advanced movement up that line and have some stability to the idea.

I still would like some of these other things we are talking about to be considered because I think they could help in a budgetary sense, you know, take care of some of these things. But I'm wondering if that had been considered at all, in sort of addressing the one issue or maybe it's addressing a couple of issues but nonetheless, how quickly you get to top a grade and how quickly you are compensated for those early years when your experience and the building of your experience is probably more prominent for a new recruits. And I don't know if there's an answer for that or not.

Strategic Initiatives Director Brent Stockwell: Well, I have two thoughts on that. One is as I mentioned, there's a lot of different options that one can consider at this point in time and I know if I get through the cost of these options and get to the slide where you can really talk about that and give your direction, you can have probably a more free flowing discussion among each other. But when you started your comments, the thing that came to mind is this, and that is that my understanding from the conversations that we have had in the life cycle of a police officer, they are thinking about different things at different times. So when you are being recruited, they are looking for that agency that they believe is the best fit for them and provide the best career path. Early in their career they are going to be looking for that maximum earning potential. They want to move up and get to the top of the range fairly quickly and that, I think, is one of the reasons why we have some officers going and looking elsewhere, when they don't know what our plan is here and they see plans elsewhere. And they say well I could go over there and I can get more short term earning. I think once you hit a certain point and I don't know exactly what that point is. Then you are certainly thinking about what your retirement is and how do you maximize that retirement and so people might make different decisions at different steps along the way and you might be able to come up with a compensation plan that treated people differently at different stages but we didn't specifically talk about it and there's not an option.

[Time: 01:21:40]

Mayor Lane: It may be something that we will in our conversations at least consider exploring, but nevertheless, that's yet to be determined. One other issue that I suppose is relevant is obviously we want a program that's not only fair but not bust the bank, so to speak, and is sustainable. We look around and that's one of the reasons why we watched some of the wild gyrations of things that are

not sustainable or when we try to get, you know, backpedal back and say, hey, you know, we have a monumental bill because we have to make up for something that we have missed. So I'm looking for that personally, I guess, but for conversation.

A plan that's going to be satisfactory and is going to meet some of the desires and frankly, to motivate, I think, the earlier players in moving up maybe on a quicker pace than they might have otherwise. So what I see with the flat line on it is that a point in time, you get top of grade, you are not subject to it. Is that a correct statement?

Strategic Initiatives Director Brent Stockwell: That's correct. So once you hit that top of the range, you will not get any other salary increases.

Mayor Lane: Yeah. So it's going to be a matter of whether or not what I'm suggesting actually is a motivator for the entire force, rather than just those earlier recruits.

Strategic Initiatives Director Brent Stockwell: Mayor, I do want to add a caveat to the statement that I just made. Once you are at the maximum, you will stay at the maximum until the range is moved.

Mayor Lane: Yeah.

Strategic Initiatives Director Brent Stockwell: So periodically, we will look at the ranges and we may find that that range is now out of whack with the market and make an adjustment of 2% or whatever it is. And that would give us that much more room at the top of the range for people to get increases.

Mayor Lane: And I don't know how accurate these graphs are for the other communities but some of them seem to have an extended flat line. I know year to year they look at these things but wherever it is, they end up going to top of grade but they are sort of set other than those changes.

Strategic Initiatives Director Brent Stockwell: We looked through this process and talked about it a little bit. We did look at the lifetime earnings potential of this and we had a conversation with the team. You know, how often do you look at that. Because, you know, when you add it all up, it gets into the, if I remember correctly, \$1.4 million over the entire time. How often are you looking at finding out what the, you know 1.4 million in Chandler as versus Scottsdale versus other things.

And then, of course, you take into consideration inflation and you can do net present value and discount rates and figure out where is that money more valuable earlier in your career or later in your career and we had a conversation about that. And we said listen, we are not really looking at that. We are looking at if I'm a five-year officer, what is another five-year officer make. How am I compared with the other officers? And so we kind of backed off from that a little bit not looking at it from the economist perspective on that long term but really looking at it from a more practical perspective. I have to think that's driving some of these decisions. People are making a practical decision looking at their pay check and looking at what that pay check may be in other communities. I understand what you are saying.

Mayor Lane: One other thing, if I might, you threw out the element of free agency. We may be somewhat of a stickler or an impediment to free agency as it relates to, you know, a market to which it comes both directions. And so if we are going to be an attractive environment, we want to make sure that we are playing with the same group of players as everybody else is and how we are doing it. So that would be another component, I think, that would be important for us to consider in this total package.

I mentioned some mitigating cost factors which I think we need to consider as well. But the primary thing, I think we are all, and I won't speak for all of us, but I do believe that generally speaking, we are looking for something that's fair and sustainable and that we can stay with and that will motivate and keep our law enforcement people at the top of the level of things. And frankly with the added pluses that I think that they have with working here in Scottsdale, that it's a great environment for them on the overall. But anyhow, that's a little bit of a plug, I guess. Yes, Councilman Phillips.

[Time: 01:26:17]

Councilman Phillips: Well, thank you, Mayor. I don't know if I should go through my whole range of questions right now if this is the discussion period or what. One of the things I might mention about the flat lining is when an officer who when he reaches his top pay, says I will just be an officer for the next 20 years. Where don't a lot of them say, well, sergeants makes more, I will try to be a sergeant? So they don't just stay at that level. They can move up in a different way.

Strategic Initiatives Director Brent Stockwell: My understanding from the conversations we had, when you hit about that 8 to 10-year time frame, that's when you are deciding am I going to try to move up and be a sergeant and move up, or end my career as a police officer. And there's certainly, you know, many less promotional opportunities than there are officers, but it's that time frame in there, you know, like that 8 to 10-year period where it's very competitive. That's a good point.

Councilman Phillips: Okay. And then it seems like this is, I guess, a compensation study is what we are talking about, but at the same time, I don't think we are really addressing the lateral problem. And how does that affect that we take different steps whether we go with 3% or 5%? Is that affecting the lateral position or will he still get the base pay when he comes from another state? I think that's what we have to address.

The other thing is we hire somebody and we train at what? What was it \$150,000 to train them? \$100,000 to train them? \$80,000 to train them? Okay. Would we save more in the long run by bringing a guy in that has ten years' experience and paying him the salary he deserves for his ten years of experience, as opposed to continually hiring new hires because we don't get anybody with experience?

Strategic Initiatives Director Brent Stockwell: Yeah, Councilman, I understand the things that you are raising. That was a subject that we spent quite a lot of time on as a group talking about and the challenge with the transfer issues, you can't really address the transfer issue until you figure out what

your total approach is going to be. So whatever the total approach is, three, four, five percent, whatever that is or something different moving forward. Then once that is set then we can set transfer officers at that level and move them in. If you recall from that slide, even if we brought officers in at a typical Scottsdale level for where Scottsdale officer was at five years, it was still considerably below those other areas, those other cities. So we are competing against them, we would likely lose against them on that issue, but if we tried to match where they were, then you would be bringing transfer officers in at a rate higher than a Scottsdale officer and that would create internal inequities.

So that's why you want to get that issue fixed first and get this direction and know what it is moving forward to do that. But definitely, if we have a qualified, trained, transfer officer that can come in, you can eliminate much of the costs. You can certainly eliminate the academy costs, which is the biggest portion of the training costs, associated with it. Still go through field training. There will still be costs associated with that but you can minimize that.

Councilman Phillips: Wouldn't you think when you have the map of officers that live in other cities and stuff and say I lived in Glendale, I think I want to be a police officer. I can go to Scottsdale and get trained there and then I can go back to Glendale where I get paid more. Do you think that happens?

Strategic Initiatives Director Brent Stockwell: That's possible that that might be happening. I know I have heard conversations where other things have happened where people have been deciding between two communities and decided Glendale over Scottsdale and then switched over to Scottsdale because of these intangibles like the Mayor was talking about. But, yes, that would be truly tragic if we hire somebody, train them for the first couple of years, only to see them go over to one of the other competitive agencies and they could forgo the academy.

Councilman Phillips: Well, I think that's what we are hearing and I have seen that, you know, not in public safety but just in the reality of life, that you pick a career choice and you go to this company because they have a training program and you do that and then when you are done, you find out, well, now that I know how to do it, XYZ Company is paying more and then they leave. That has to be addressed too. Now if this conversation this evening is just about compensation for our officers as you are saying, then we are going to discuss the lateral later, does that mean that lateral is not part of this conversation and not going to be part of this year's budget?

Strategic Initiatives Director Brent Stockwell: No, I think what we are saying as soon as you make the decision and we get in the budget whatever the Council's approach is then we can match that just to make sure that there is fairness and equity between what the current officers are paid versus the new officers.

Councilman Phillips: I didn't get that. Let's say we all decided on 4%. Let's hear that.

Strategic Initiatives Director Brent Stockwell: He will update the policy as soon as you decide what the overall policy is, what level you want to do.

Councilman Phillips: Okay. So this isn't fixed and done as far as the budget goes? The decision we make here tonight will go back to a Council agenda?

Mayor Lane: There is no decision. There's no official decision.

Councilman Phillips: I understand the meeting but we end up having is a consensus and that's the direction you are going.

Strategic Initiatives Director Brent Stockwell: That's built into the proposed budget and then you can have discussions and deliberations about the budget and ultimately approve that.

Councilman Phillips: That's what I am saying. I don't want to see this built into the budget and when it comes to talk about it, we say, oh, we already discussed that.

Strategic Initiatives Director Brent Stockwell: No.

[Time: 01:32:12]

Councilman Phillips: I appreciate that. This might be a question for the treasurer but it would be more cost effective to lateral comp than train officers? That was kind of what we talked about earlier, but I would like to hear your opinion of that.

City Treasurer Jeff Nichols: It would depend what level we brought them in, how many years they had and we would have to set those levels. It costs about \$80,000 to train an officer and you look at the differences in pay, I think you could project out and you could say where the sweet spot was to bring in laterals and where it didn't make sense at some point.

Councilman Phillips: That's a good point. And do have, like, some type of cost analysis recommendation as far as our budget will go? Which one do you think would be the best for us to go with? The three, four step fix max, all of that?

City Treasurer Jeff Nichols: Right now all we are looking for is the direction the Council would like to go. We would program that into the budget along with all of the other updated information we have for '15/16 fiscal year at this point in time and then see what that looks like and see if it fits in there and if it doesn't,

Councilman Phillips: But you haven't already done that in your lunch hour? If we go to 5%, we will never be able to afford it?

City Treasurer Jeff Nichols: I have not done that analysis.

Councilman Phillips: Okay. So whatever we pick, we will have to see. So let's see, we have a consensus of 4%. We are not going to look to see if 5% would have worked?

Strategic Initiatives Director Brent Stockwell: Well, if I run through a few of these more, I think I can put that in better context for you, if that would be okay.

Councilman Phillips: Okay.

Mayor Lane: We do have,

Strategic Initiatives Director Brent Stockwell: If you let me address that,

Mayor Lane: We do have some other questions.

Strategic Initiatives Director Brent Stockwell: I will get to that question.

Councilman Phillips: Go ahead.

[Time: 01:33:59]

Mayor Lane: For the moment. Yes, Councilwoman Klapp.

Councilwoman Klapp: I would like to interject that as concerning as it is bringing people into the City that are trained, it is more concerning what we are going to do about the pay for the people who are here. That is what I think we are here to talk about tonight. Because what I am hearing you say is that in your conversations with the people on this task force or this committee that they want a program that they can depend upon, and they don't feel that they can depend on what we're doing now. And I get that. I think there's a problem in the area of the 3 to 14 year period, more so than at the beginning of the range and obviously at the top of the range. So we need to devise a program that helps improve that.

We may not be able to eliminate the discrepancies of the other cities, but I think based on what I'm hearing, your suggestion is that we've got to come up with a policy that people can depend upon. That they feel that they know that when they are here as a police officer, they are going to make a certain amount of money each year and if we can find a way to move them faster through the range, all the better. Is that essentially what you are telling me?

Because what I'm hearing is, I don't want to keep losing officers. I want to keep our officers here if we can, within the limitations of our budget and I don't want other cities poaching our officers off of us. I want to find a way that we can keep them here within the limitations of the budget. So I think that we have to come up with a policy that says that there's an amount of percentage that's going to be built in each year to the budget, that's going to be there for the police officers. I think that's something that I'm hearing you tell us we probably we need to decide. So I'm just trying to clarify what the approach is that you are trying to make and then we will go through whether it you should be three or four or five. Is that pretty much where we are right now?

Strategic Initiatives Director Brent Stockwell: Sure.

Mayor Lane: Those are some of the options, for sure.

Strategic Initiatives Director Brent Stockwell: Let me run through the other options and then set this for you if I can.

Mayor Lane: Is that all right, councilwoman Littlefield? Okay.

[Time: 01:36:18]

Strategic Initiatives Director Brent Stockwell: So remember A 3%; B 4%; and C 5%. And then you just keep seeing the incremental increase and impacts relative to the rest of the cities. I'm now shifting gears. What you notice when you look at this, at least in year one, a 3, 4 or 5% program is not going to fix the gap. So if an officer is sitting here at year six, and they look at any of those other cities but particularly the average they are going to see that they could still get a considerable amount more in those other cities than they could in Scottsdale. So then because we didn't want you to look at this issue, spend this time talking about this issue as make a decision, and then still be frustrated later because you hadn't fixed the problem that you thought you could. We just showed a couple more options so you see things that would actually close that gap.

So this is Option D. This is that making up for that gap, those years where there weren't salary increases. By then, taking each of the officers to where they would be on a 3% progression through the range. So the first officer will be at the bottom of the range and the next year will go up 3% and 6% and all the way up. Okay? So this is the costs associated with this.

This is what happens to the Scottsdale officers if you start to do 3%. So you see that going from 0 to 13 years to get to the top of the range. You see how that starts to close the gap. Or if you do 4%, and that would be almost 3 million more in '15/16 and you see what that does. That brings that to that average line and then by ten years, they are at the top of the range. And then one more, a 5% fix, it would be 3.5 million in the first year and you will see that that will actually take it above that line and continue it up and then it would take eight years to get from the bottom to the top of range.

Now, the important thing to always think about, remember, is we are still only comparing base salary to base salary and that there's those additional compensation pieces in there. So I want you to look at it and say, well, it's over the line and that's more than what we need. I think what you would hear from officers is you need to take into consideration that additional cash compensation that some of those other communities are receiving. I wanted to highlight that issue.

[Time: 01:39:01]

Strategic Initiatives Director Brent Stockwell: So then this puts all the options on one chart so you can see. You see what the default position is in the budget for Option A and what the increases are.

Obviously, there are a number of other options that you could consider. What we would do is if you wanted us to cost out another option, we can go out and the City Treasurer's office and cost out those options just as we have on this one.

One important thing to note at this point, right now, the A solution is the approach that's in there for all employees in the city, civilians, police officers, firefighters, everybody. If you go to any one of these options, that shows you the cost increase and we would only be applying it to police officers only, this classification of police officers, not all sworn officers. So it wouldn't be for all sworn officers. It wouldn't be for all officers in the police department. That is only showing you the cost increase for the police officers.

For example, if the most important issue to you was making sure that you had fairness and equity and you were treating all city employees similarly, you might want to stick to A or an option that would not treat all city employees differently. If, however, you felt that there was a compelling case to treat police officers differently, because of these additional assignment pays and specially pays and all other pays or the fact that it's more expensive to replace an officer once they leave the organization because of the academy training that you don't have to replace elsewhere, then you might choose a solution that would depart from that for other officers.

Then on the D, E, and F, if the issue to you is making sure that a police officer isn't going to look at the other valley cities and see where they can make more in the short term and those other agencies and jump to another agency, then you might want to consider one of these other fixes. Or related to that, if you felt that we should catch up for some of those past years of no increases like some of the other communities have, then you might want to choose those approaches. Those are just to put them in context.

We are moving into the discussion and possible direction stage. I just want to talk about one more thing, and then set the table for the discussion. As I mentioned in other communications, they have these memorandums of understanding because they are represented, they are union organizations. We don't have an equivalent here, except for the fact that the one way the Council does provide and memorialize policy direction is through its financial policies.

So one of the things we talked about as a group is one thing that the Council might choose to do once you determine your approach is to write up a financial policy which would give direction to the City Manager and the City Treasurer in preparing the budget so when the proposed budget comes you to each year, the default position is whatever direction you provide. Now you would still like your financial policies still to be able to direct differently higher or lower but it would at least but that would at least put in that default position. And that's one of the things I talked about as a group that might help kind of memorialize this so it wasn't a decision every year, you know, as we come into the budgets and how much can we put in, but rather that would become a priority and we would work to present a balanced budget with that priority in there unless the Council gave other direction. That was one other thing we wanted to raise.

Here are a number of issues you might want to talk about. You might want to talk about the salary

ranges. You might want to talk about progressions through the ranges. You might want to talk about fixing to a step or other options. You might have other ideas or options that are coming up there and as was mentioned. What we'll do on the transfer one is whatever you come up with we will mirror that approach so that that issue is addressed moving forward. So thankfully, that's end of all the slides I have prepared.

[Time: 01:43:06]

Mayor Lane: Death by PowerPoint. No. No, actually, you did a --

Strategic Initiatives Director Brent Stockwell: I will admit I was interrupted a few times with questions.

Mayor Lane: No, absolutely. Maybe I should turn that around a little bit. Nevertheless, thank you. It was a very good job, and it does give us a lot of good information, I believe, to be able to discuss this in an intelligent kind of way. So I very much appreciate the effort of everybody to putting this information together. So thank you very much for that. And I think we feel, again, I only talk from this position a little bit, but not necessarily including everybody's thoughts about it, but I guess I would be pretty easy to say we all appreciate the effort that has been put into and frankly the realistic look at some of the things we are faced with.

Again, I only want to say, I will ask some of the other questions. I think really when it gets right down to it we want to be working with our law enforcement to make sure and their representatives to make sure that we are on a good plain and that we don't have some new surprise. You know, when we talk about catch up a little bit and not the condiment, but to catch up with the past sometimes drops. It took you a little while, did it, Virginia?

But the fact is that we have done some things over the last few years, outside of the normal increases and that was to increase the minimum average and also some of the, I believe it was 5 through 11, we made some adjustments on that too. Some of that is already reflected. I know it's already reflected and so I think we made some improvements in that regard and it's reflected in the graphs as it is. But it's important to us that it is sustainable, but it does address the concerns, not just of attrition but frankly, internally as it relates to morale. And I would want to make sure that we're in a good place and everybody is working together make sure that we are doing just exactly that.

I mentioned some of the other things with regard to mitigating things. I think it's probably something that we need to consider because I think they may be some of the factors that in the market place are considered as far as Scottsdale is concerned. And I would like to at least give some consideration for those kinds of things as well as to mitigate a possible cost here.

The only other thing I would throw on the table right now is what I have been hearing is the length of time it takes to get to top of grade. When I look to each and every one of the graphs whether it is by city or average, I see where everybody is on the track to get to top of grade on a much faster step than we are. I can see by the numbers we are talking about pretty big numbers as far as what it will take

to do that, but nevertheless, if we were to tier whatever a percentage we choose, to put greater emphasis on some of those early years, it may be something to consider, but I would certainly love to have the input on it whether that does respond to that issue. That's a little bit of a question mark because that's not to be answered right here or right now. I realize I took a little license, and that's something I can do in this position. But nevertheless, Kathy, I do want to get back to your question.

[Time: 01:46:43]

Councilwoman Littlefield: That's quite all right, Mayor. Thank you. I'm very excited. This is my first work study session and I feel like I did when I was 5 years old and my dad took me by the hand and tossed me into the deep end of the swimming pool and said swim! And it's exciting and it's fun and it's a very, very challenging issue.

A number of things that I have been thinking about and I have studied this entire presentation for a number of days since I first got it. I think one of the policy decisions that we should consider seriously is putting in the lateral steps for bringing officers over here to Scottsdale. I think if we don't have that then we are always going to be behind the curve on attracting officers from other cities to come here.

The problem with that is we need also to consider within that policy how we don't have new officers in the same grade and the same pay scale making less than our current officers who have been here for a long time and working their way up. So that's an issue that needs to be resolved in doing that but I think that's something that really needs to be considered if we are going to be competitive to bring other officers over here.

If we don't do something this year to work on solving this problem, it's just going to get worse and worse and worse every year. I have heard this for 12 and a half years almost. Every year, there are problems. Every year it comes before Council, and every year it gets worse. We need to have a policy in place to actually work on fixing the issues. Both the police chief and the police officers association head have told me that there are officers waiting and have delayed leaving Scottsdale to see what this Council will do to fix these problems. We need to take hand on it and we need to make a policy that's firm and will move forward in achieving equality and compensation that is competitive with our other cities in the ranges that we have been seeing on the screen that are not now competitive.

I think this drain will continue if we don't fix it, and it's imperative that the City Council take the initiative and the action to do so. This is our job. Public safety is number one. It really is the main reason we have a city government, is to take care of our people, our citizens, our tourists, our residents and our visitors and make sure that they are safe. If we don't do that, it doesn't matter what else we do because they will be afraid to come out of our houses. We need to make sure that we have a policy in place that protects them.

And we need to be competitive with other cities, obviously. It shows very, very clearly that we are not currently. I think that right now the areas that we should concentrate on are the areas that are

showing where we are too low. I'm not so much concerned with the upper areas or the lower areas because those are in competition. For some reason we managed to escape in that middle area and not put the ranges in place that we need to have. And that's where I would like to concentrate the issues and the policy. Thank you.

Mayor Lane: Thank you, councilwoman.

[Time: 01:50:28]

Vice Mayor Milhaven: Mayor.

Mayor Lane: We have Councilwoman Milhaven on the line. I know you have some time constraints. Please, Councilwoman Milhaven.

Vice Mayor Milhaven: Mayor, I just have a few minutes. I want to weigh in before I have to hang up and I want to first echo your comments around the great work of the committee and it's so terrific to have such great information in order to consider such an important issue. So briefly, looking at the questions, I think the salary ranges look like they are in order, particularly considering all the extras in the other cities.

My first priority would be to fix that gap and my guess would be reality is that the three or 4% fix but I really look to staff to say to say what makes us competitive. I would also like to hear from staff, you know, what does that mean for the budget and that's something we need to do in one year or over time. And then in terms of, you know, budgets going forward, it seems to me if you look at what other cities are planning to do in the future, the answer is probably about 3 or 4%, so that we are not out pacing. I think the important thing is to fix the gap in the short run and I know fire did some creative things around that. I know we are looking overtime and that might be an opportunity to pay for that. So I look for direction from the City Manager about what the impact on the budget is. Thank you.

Mayor Lane: Thank you councilwoman. Appreciate that input and I presume, are you off the line or do you have any further questions?

Vice Mayor Milhaven: No. I have to hang up.

Mayor Lane: I'm sorry, I didn't quite understand that.

Vice Mayor Milhaven: I need to hang up. So I will say good night.

Mayor Lane: All right. Thank you.

>> Vice Mayor Milhaven: Good night.

[Time: 01:52:20]

Mayor Lane: Councilwoman Klapp?

Councilwoman Klapp: Based on the amount of costs that's involved here, do you have any suggestions? Have you looked at how we can pay for this? Have you looked at options that you could suggest to us of ways, you know, we can pick an option? But you've got to find a way to fund it and I'm concerned about that. That could have an impact on which one of these percentages we would want to choose if you have any suggestions, suggestive ways that this could be paid for within our current budget or the coming budget. I would like to hear some options so that we can kind of talk about it a bit. I'm hoping you thought of some things.

Strategic Initiatives Director Brent Stockwell: Mayor Lane and Councilwoman Klapp, I think I should have mentioned this at the end I will pull back up this slide again. My understanding is if we are looking at the A option is already in the budget, right? B and c are much more doable within the budget parameters particularly for the first year. I don't know that we really looked at all of the out years left, but we'll need to be doing that as we --

Councilwoman Klapp: But if we want to pay for a step, for example, to get the group up to where they should be, how do we pay for that? What options do we have to pay for that?

Strategic Initiatives Director Brent Stockwell: Well, you were correct that you could give us that option and then we would come back with how we would have to pay for it and then the other piece is you would have to agree to whatever that option is. We know that hasn't necessarily, you know, happened in the past with possible cuts. So it's clear, D, E or F, any of those options we'll need help identifying what you would like to not do in order to be able to fund that program or what revenue you would either like to increase or dedicate for the purpose of doing that. And that's kind of really where we are at at this point in time.

And I would also say that getting into the conversations of how you would pay for it would start to get beyond the scope of this item. So we really need to talk about what do you want to do? What's more information you need in order to make that decision? What do you want to have costs scoped out in more detail and then we'll come back as part of the budget process and get that information to you.

[Time: 01:54:56]

Mayor Lane: Thank you, councilwoman. You know, on that line, about where the money may come from, the funding for it, on any level that we are talking about here. I know that's subject to our budget process. So no matter what we decide here, there's going to be at least that issue that we are going to have to face eventually anyway. And I suppose it goes to the comments I made earlier as to whether or not there are some things we could do to mitigate it.

One is if there's fully even a 7% savings on the Social Security side of things and frankly another 7% back into the police officers' pocket, why not participate in that if that's available to us. It loosens up

the purse strings because we are just trading off one for another. Now that's something that I think is really subject to a conversation with our law enforcement folks. But that is certainly an avenue to sort of stabilize, something we are already invested in and whether or not it's a tradeoff that's acceptable for current dollars, both for our law enforcement officers, as well as for the city in exchange for what we might do here.

The other item, of course, is and I don't know that this really plays into it other than the fact that we should be an attractive market, I believe, if we are with everybody else in that same range of things, with a program in place, throwing some of what I consider somewhat intangible and then some also monetary advantages of working here in Scottsdale. We should have a very, very lucrative market to draw upon, as far as officers are concerned. I would think we would be an attractive place to come rather than to potentially leave. And one of them is just exactly what Councilwoman Klapp mentioned and that is the stability of a program and the funding capability of it.

[Time: 01:56:52]

Mayor Lane: So I'm just going to throw out something that I think would be an instrumental part in this, because I have focused on this, because I have heard this as an issue and that is how quickly can new officers move through the ranks to the top of scale? And top of scale will move too as we talked about. The higher ranks are well provided for and they are above averages in all indications that we have seen.

So this has actually been, I guess, a suggestion of whether or not you want to contribute back to some of that excess into the fund to fund this. Small joke, but nevertheless, I think if we were to consider something either between the three and four, like 3.5% and I'm taking a little bit from what Councilwoman Milhaven mentioned, I would say 3.5% on a step program, somewhat officially designated amount, we can quantify that as far as dollars and cents are concerned. We can investigate whether there's anything that we can do to mitigate that, in fact, in that leaves us short.

And then the other is within that amount, really, assign it to those years that need to move faster so that -- you know, this is an interesting point too, and I don't think we discussed this. I think there is at least some desire to make this merit, but I think that runs counter to the philosophy of what I'm hearing as far as the step program in that, and now do I have that wrong? Or are they are compatible and not necessarily exclusive of one another?

Strategic Initiatives Director Brent Stockwell: Mayor, you asked that in a negative form so I will ask you to ask it again, just to make sure I'm answering it correctly.

Mayor Lane: So you don't get yourself caught in a double negative.

Strategic Initiatives Director Brent Stockwell: Yeah.

Mayor Lane: If we put together a program and we'll call it a step program at 3.5%, and, frankly, I'm talking about at least the suggestion that we concentrate on those years, early years so that there's a

faster progression to top of grade which seems to be sort of acceptable deal. I think we are right now at 13 or 14 years. I will have to pull the slide back up. And others are at 8 and 7, you know, as far as getting to that, what I described as a flat line before, but nevertheless. So we seem to make up some space there if, in fact, there's an issue. And the issue is how quickly they get through grade and get to top of grade. I know that we are talking about the top of grade for the entire force, but I'm presuming that's somewhat reflective within the grades as well.

Strategic Initiatives Director Brent Stockwell: And Mayor, I understand what you are saying. I think a couple of things to think about.

Mayor Lane: I'm sorry. You can hold that thought and you will probably do that better than I. You put it in a positive, rather than a negative and my question was is it mutually exclusive to talk about merit pay? In other words, were there some management discussion with regard to the allocation of even the 3.5%; is that contrary to the philosophy of the step program that we have been discussing?

Strategic Initiatives Director Brent Stockwell: Mayor, let me try to answer. I think it's a separate issue of whether or not you will budget, so say the amount is 3.5%, that was the amount you said. You could do that two ways. You could say every employee that's within the range is going to get 3.5% no matter what they do. That certainly is a component of some step programs.

The other thing you could do is you could also say with the same 3.5%, what we are going to do, we are going to say that that increases up to 3.5%, and that is dependent upon merit and performance evaluation. That is akin to the process the city of Scottsdale had in place for over 20 years, where it was up to 5% and it was dependent on a performance evaluation you were seeing similar progression through the ranges. It was just based on merit. It wasn't a default, de facto go to the step.

What I heard as we talked about this as a team is the most important issue to the officers is making sure you are budgeting that amount into your budget so that they have a chance of getting that up to 3.5% or up to 5%. So I think, yes absolutely, it can still be a management decision where you are going to get that based on performance and if you are not performing or there are areas where you need to improve, that you could get a lesser amount. That certainly could be included in the Council's discussion.

The other comment one making is about moving people through the range and moving them through quickly. A 3.5 will move them through more quickly than 3%. It will be somewhere between 13 years and 11 years because -- because 13, I think was 3% and 11 was 4% and 9 gets to 5%. So every movement you make along that continuum will get them through the range more quickly the thing to understand too quickly. Another thing to remember is why they are getting through the ranges more quickly is because the ranges are smaller. So always when people talk to you about how fast you will get through the range, I personally would much rather get through a wider range that's 45% wide over nine years than a smaller range over seven years or six years. So think about that while you are figuring out what you want to do.

The other issue, it will be hard with a smaller amount of money or a smaller amount of increase to get people through the range more quickly. And as I have looked at it, and as we put those charts up on the screen, it seems that the challenge gets to be in kind of the 6 to 10 year time frame, not the earlier part of that. And so if you were to dedicate a portion of funds to an area, you might dedicate it to that area where there's the greatest risk, where there's the greatest gap and where there's the most incentive for an officer to go to another community. That's another way of thinking about it.

[Time: 02:04:16]

Mayor Lane: Thank you. Councilman Smith.

Councilman Smith: Thank you, mayor. And I will add my thanks, Brent and the whole team of you for the work that you have done. Obviously a huge amount of thought has gone into this. I think I'm still perplexed about one thing and that is what is the right pay? Or what's the right range or the right level of turnover? To compare and develop statistics from six other valley cities is somewhat self-fulfilling. They are having meetings in their Kivas tonight just as we are and they are talking about how can we match the average.

If everyone in this small group tries to match each other, we end up chasing ourselves, and there is a yearning on my part and maybe it's not attainable but some yearning to go know, what is the right number? Let's leave out the other cities. Let's figure it out, let's be Scottsdale. Let's not copy other communities. Let's do our own thing and figure out what is right.

I think the Mayor mentioned something that is worthy of pondering and that is having different steps in a sense, if I understood it, for different levels of experience. The rationale, I think, for that, I don't want to put the citizens in a position of where we are spending tax dollars just based on people having passed another year of service. I want something that says we're spending tax dollars because we are getting something better. And truly, if we are spending another year of service, you do get something better, a policeman or a patrolman, a detective, whatever, with one additional year, he's more experienced. He's more competent, he understands the system, the community, whatever.

So experience is worth paying for, and I think if I understood the Mayor correctly, what he was saying is that probably for the younger people, adding a year of experience is incrementally more valuable to the community than an older person. I don't mean genealogically older but been here longer. Someone who has been here for two years, now they have three they probably have picked up 50% more competence and capability in that year. Someone who has been here on the other hand for 16 years and now 17, they are more experienced by a year but it probably doesn't mean a whole lot to the community.

If you can put some structure to what he was talking about, maybe it's back categories of 0 to 5 years. Maybe their target step number is 5% and they move quickly through there because incrementally the experience is worth a great deal more each year. And people 6 to 10 years, maybe it's 4% targeted step. And so on down the line, 16 to 20, that the top -- maybe it's only a 2% step.

And then further to his point and I think this would be very responsible to the citizens, you know, spending their tax dollars is within those, make those the targets, absolutely, but make -- make them earned by merit. And you know, merit range for someone who has a 5% targeted step, the merit range may be 3 to 6%, something, pick a number. But I think they would be, you used the phrase, they need something to look forward to, something to count on, something to depend on and maybe a targeted step which is earned by merit would give them what they are looking for and it would also give the citizens what they are looking for. I think the, well; I will leave it at that. Thank you, Mayor.

[Time: 02:08:33]

Mayor Lane: Thank you, Councilman. The one thing I would, go ahead, Councilman Phillips. No, that's quite all right. Go ahead.

Councilman Phillips: Thank you. Well, you know, if we are giving direction here, where is that? Especially with what Councilwoman Klapp mentioned earlier is this stability for the police and I think memorializing that with the financial policy, I think is the best idea. I'm definitely for that and the financial policy where is it going to be? To me, I think the 5% fix. I think that's the best way to do it, because you can come back to Council and we can see if there's going to be a way to pay for that or what we are going to have to get rid of in order to do that and we will work down from there.

I think if we do a 3.5% or 4% step, then we are basically, we really don't have the will to show our police that they are number one. So I believe in the 5% step fix and I think that will help the laterals because otherwise you will be waiting 5 to 10 years for that point where laterals don't want to come here. This will bring us up quicker and that might end up saving us money in the long run because we will be reducing the amount of new hires. And I think that's one of the things that we need to do. So I'm -- I'm for the financial policy and the 5% step fix.

[Time: 02:10:05]

Mayor Lane: Thank you, councilman. Councilwoman Korte.

Councilmember Korte: Thank you, mayor. Having been in business for a long time, I know that there's more to a job than money and pay. And individuals stay at a job because of many factors that includes the culture of the organization, the respect, if they are empowered to make decisions, their peers and their management and the community for which they work. I would think that officers would prefer to work in Scottsdale rather than Glendale but that's just kind of my gross perspective.

But having said that, as Councilwoman Klapp pointed out, that stability is really important. And like it or not, we have to look at comparable pay across the valley. Because that is where our competition is and that really is a factor in attracting good officers and I really do believe that you get what you pay for. The fact that for years Scottsdale has been in a step program that is based on merit is really, I think, what we are all talking about. It's a step program based on merit. So providing that stability, fixing the gap in some way and apportioning that step pay, depending on merit and performance, I

think that's where we want to be.

So I am going to agree with the Mayor in somewhere between 3 to 4. I could go to the 4% step fix. I think we need to attract the very best people for this community we call Scottsdale.

[Time: 02:12:29]

Mayor Lane: Thank you, councilwoman. Councilwoman Littlefield.

Councilwoman Littlefield: Thank you. I think that we need to solve this problem and get a policy in place that we can depend on and that our police officers can depend on. Whether or not that changes over the years according to different economic situations, that may be, but it has to be something they can focus on and know that this is where they want to go and this is what we want to do. I would support a 5% step fix. I think that's the best that is available that we could use to catch our officers up and get them in line and in competition with our surrounding cities.

If it can't happen, I would be willing to go down to a 4, but I would not want to go down any lower than that. We need the step fix. We need to be able to move that line up to where we are competitive with the other cities around us. I would much prefer the 5% step fix and I would like to make one other little comment as long as we are giving direction here.

There have been a number of people who said, well, maybe we ought to reduce the number of police officers and that would help to pay for the problem. I think that is not a good idea. They have said, well, you know, we have more than the surrounding cities, like, Chandler and Gilbert and they are counting the number of police officers per thousands of residents but those cities ignore the fact that Scottsdale is a huge importer of workers and shoppers and tourists and attendees to our signature events and now patrons to our ever expanding bar district. We should not use that as the guide to how many officers we need. We should be looking at the caseloads that those officers have to handle and our need for officers rather than how many per thousand citizens we have. So I would not be in favor of looking at reducing the number of officers. Thank you.

[Time: 02:14:44]

Mayor Lane: Thank you, councilwoman. Councilwoman Klapp.

Councilwoman Klapp: Well, based on the charts that you gave us, it seems that the 4% step fixes the problem, not 5%, according to the charts that I looked at here, correct?

Strategic Initiatives Director Brent Stockwell: Well, I would be remiss if I didn't mention this because I know they would want me to, is that it gets Scottsdale to the average base salary, but it doesn't address that issue of the additional compensation. I think if you went to that approach, you might hear back, hey, we need to address some of those other issues.

Councilwoman Klapp: And that would be a policy is essentially what you are saying. So I'm semi in

agreement with Councilwoman Korte and the Mayor on that. I would say a 4% is probably where I would lean, 3.5 to 4% is fine but I also believe we need to set a policy in place. So we need both of those things. On how we are going to go forward so that there's certainty for the officers and I'm not sure what that policy should be. That has to be discussed here obviously as well. But I think we need both of those things.

And then as far as the number of officers I know this is a ticklish subject, but I don't know if we've got the right amount of officers. And it might be worthy, not possibly for this coming budget year because it takes much longer, but over time for there to be some analysis done on staffing by perhaps an outside consultant of some sort that would look at all of those things that make Scottsdale different, the number of tourists that come in, the number of people that work here during the day, versus other cities and tell us if we got the right number of officers. I think we need to look at that as well. We haven't looked at that in quite a while because we do have a lot of officers compared to, just in general the entire police department, not just officers, and a lot of officers in the police department. Ad I'm sympathetic and I always have been to the fact this is a tourist town and we have a lot of people who come here and we have to serve those people and we have to serve the people who work here.

I understand why we need to have more people in the city than perhaps they need in Glendale or some other city. But I think it would be wise for us to consider some kind of analysis or study or whatever you want to call it that would evaluate whether or not we have the proper staffing in Scottsdale, not comparing to other cities but whether our staffing levels based on as mentioned caseload, et cetera. I would be willing to suggest that that's something that we need to look out over the course of the next year.

[Time: 02:17:47]

Mayor Lane: Thank you, Councilwoman and that would be a topic for another time and certainly, a potential real study on that. But at the same time, I think what we have got if I were to try to put this together and stop me, anyone, on -- well, not anyone, but folks at the table here, if I got it wrong. I think we are looking with the majority on consensus, between 3 and 4, and I will settle on that 3.5% as a budgeted item. We are not from the standpoint of more is not necessarily a problem that we have to consider. We are looking for a stabilizing influence, something that we can do. The 3.5%, I think it gets us there and if we find ourselves with additional funding sources, and I don't mean to keep going back to this, because it doesn't seem to be getting a lot of traction.

[Time: 02:18:46]

Mayor Lane: I'm not sure whether it's possible or not, but if there's something to do to reduce some of the costs that are associated with the Social Security because it's the only department in the city that has the duplication in that. If that's a possibility, certainly, I think it behooves the city to be able to, you know, return that kind of money back to. The answer to it is?

City Treasurer Jeff Nichols: Mr. Mayor, I believe that's a one-time election that the city makes at the

time that it incorporates but I'm sure the City Attorney can opine on that.

Mayor Lane: Can you put this to rest then?

City Attorney Bruce Washburn: I can't put it to rest right now; I will have to check on it. My memory is that you opt in or you don't but once you do, the feds are not happy to let you back out again.

[Time: 02:19:33]

Mayor Lane: That's subject to at least some consideration, but nevertheless, the only other thing and I don't know whether we had this consensus on this, is whether or not we addressed the issue of trying to do the less experienced officers in the first years of employment, whether there was some rate there. I don't know if we can look at, with the 3.5% or not, and then also one other thing and that's merit. So within a range, I presume there might be some policy that we probably are not deciding here and now, but I don't know whether or not we decide on merit I mean, as far as the application of these funds when we are talking about the step program. But I would certainly like to have that at least considered and I think I have got consensus as far as that's concerned. Yes, Councilwoman Korte.

[Time: 02:20:28]

Councilmember Korte: Thank you, Mayor. I'm not sure if the 3 to 4% was consensus here. So I'm just kind of going around the table and I know Kathy was a 4 to 5 and Guy was a 5, and David didn't state. You were a 3 to 4. And I said 3 to 4 and 4 looked like it was better. So I'm just questioning that 3 to 4 consensus with my concern is whatever we do is how are we going to pay for this?

Mayor Lane: Well, absolutely. And frankly, it's all subject to that there's no doubt about it. What I was actually trying to say is if we peg it right now so we can quantify it and sort of set that, we can make that determination. We are much likely to be able to do an attainable number like that and if for some reason this is not cast in concrete, so to speak, this is direction at this point, there may be an upside to this too. Obviously, the issue that I have been bringing up that may not be one of those mitigating factors I would lend to a more substantial number, but nevertheless, as far as that goes, Linda was 3 to 4, you were 3 to 4, and I heard you 3 to 4. And David yes, maybe there's some clarification on that.

[Time: 02:22:02]

Councilman Smith: Mr. Mayor --

Mayor Lane: I think you were in that range.

Councilman Smith: I think I got so busy talking about the different target steps for the different seniority groups. If I have to pick a single number, I'm probably at a 3% kind of number and I will tell

you how I got there. We had a lot of conversation around the table about closing the gap and I'm still perplexed with what gap we are closing because the gap I have seen on all the charts is actual results for Scottsdale compared to theoretical results for the next 20 years at the other six cities. And I know it's difficult to find out what is the actual gap between our guy at 16 years and all the other cities at 16 years. So I'm not trying to fix any gap because I can't figure out what the gap is.

What I am persuaded to support is a program that provides an opportunity for the officers to move through the range. They start out at the minimum obviously how long is it going to take them to get to the maximum? I think I heard the staff say that if you adopted a 3%, it was a 13-year period to get to the max and 11 years if you went to 4 and 9 if you went to five. I can't get my arms around five because I don't know what we are going to do with everybody in nine years when they have hit the max of the range. Well, I mean what we are going to have to do, we are going to have to promote them or increase the max or whatever.

So if the range is right and we want to move them through the range, I think moving them through in a 13-year period on a 20-year career is a reasonable time frame, hence my number is 3% if I have to pick a single number. But I would still like to have the staff look at tiering it by experience.

[Time: 02:24:05]

Mayor Lane: As I would too as far as that is concerned. What I would ask, since I believe, and I hope this will hold, let's look at this at a 3.5% and see if we can't apply a tiering to that. I think we have got consensus on that. A 3% is close enough, pardon me, Councilman that you are maybe within that range. I don't want to offend you, but I could leave you out in the cold and say that it's just you who are at 3% and everyone else is somewhere else. Councilwoman Korte.

[Time: 02:24:37]

Councilmember Korte: Thank you, Mayor and I did a quick algebraic calculation. That if we took 3.5, 3.5, 3.5, 5, 5, 3, and Linda was 3.5.

Mayor Lane: Well, she said 3 to 4.

Councilmember Korte: So we said 3 to 4 and I calculated 3.5. That turns out to an average of 3.8. So I would, not 3.8, but I'm trying to do the right thing but give us all the options when we come back and look at it.

Mayor Lane: Well, if that's the case, I think we still had a consensus at 3.5, but nevertheless, if we want to look at it at a 3.8 as well, that's fine. We can show both of those. I know you are just dying to go back into this again. Nevertheless, yes, Councilman Phillips.

[Time: 02:25:41]

Councilman Phillips: Thank you, mayor. The first question is, I guess to the City Manager. Since

we decided 3.5% is the consensus. Does that mean that you won't consider anything above that in you won't come back to the council and say, we could afford the 5 and we could afford the 4 if we do this and that.

City Manager Fritz Behring: I will bring ideas from basically 3.5 and up because there has been some discussion about that. At least you have an idea of what the costs are. But these costs are, just look at this, this page of issues. The cost is a very important concern and we have to make that a big part of the decision. One part, one year fix doesn't help this problem into the future, but we have to have some type of a plan that supports the city and for the police officers and we have to look at those things and cost is a huge part of this thing.

Councilman Phillips: I agree with that. I don't want to dismiss it because we might be able to find a way to do the 5%. I think that's the fix. 3% is throwing the policemen a bone. I don't think that will deter anyone from leaving. I appreciate your comments.

City Manager Fritz Behring: One question I would ask is there has been some, I think several of the members of the Council say the fix or is it a step. I want to be clear that when I say the fix, the fix is not just a 3% step. It's a much bigger cost. And so we all understand and we will look at both of those two, so the council understands those ideas.

[Time: 02:27:30]

Mayor Lane: Yes, Councilwoman Littlefield.

Councilwoman Littlefield: I wanted to make sure I was clear on where I stood on this I do support the 5%. That's where I would like to see us go and afford because that would take care of not only the base salary, but all the extra things too, that go in, and the additional. So that's where I stand and I don't know if I misspoke or not, but I didn't mean to. So thank you.

[Time: 02:27:59]

Mayor Lane: All right. Thank you. Unless there's any other questions to the Council or any closing remarks to the City Manager or Brent or -- yes, to the treasurer?

City Treasurer Jeff Nichols: Mr. Mayor I would be remiss because most of the people that were involved in these discussions and tasks most of them are here but the one person is not. And that person is the one who had the yeoman's ability to grind out all of these numbers is Amy foster who works over in my office and she has done a remarkable job in working with these figures and getting them out. So I'm sure Councilman Smith can appreciate her talents and what she does.

Mayor Lane: If she's not here or she's watching,

City Treasurer Jeff Nichols: She's on a beach in the Caribbean somewhere. So I'm not really sad for her.

Mayor Lane: Thank you very much.

[02:28:46]

Councilwoman Klapp: And I would be remiss without thanking the people that worked on this that are here too. I mean, I really appreciate the work that was done. You helped me understand this far better than I ever understood it in the past. I appreciate that and I hope that we collectively, over the course of the next few months -- because we will have other budget talks, come up with the solution that will be workable for everybody. I really do, because I appreciate your concern and I appreciate the time and effort that went into this to try to make us understand the issues better and help us along with better decisions. I appreciate that very much.

Mayor Lane: Thank you. Councilwoman Korte?

[Time: 02:29:33]

Councilmember Korte: Thank you. And I want to thank the group for coming together. I think the point of pride here for our community and really important statement for our city, is that a group of very diverse interests, special interests and broader interests came together to really come to create a product with the unified voice. So thank you for that.

[Time: 02:30:05]

Mayor Lane: Thank you, Councilwoman. Yes, Brent.

Strategic Initiatives Director Brent Stockwell: You know, Mayor as we are in the process of thanking everyone, I know there's a couple of members of the team that have been here and have been sitting through this presentation very quietly and I don't know if they have some comments that they would like to make to the Council or if the Council is interested in hearing any comments they might have. I know they have been listening. I think there's a couple of an issue that they wanted to make sure that the Council is aware of.

Mayor Lane: Well, let me ask first. I mean this is in no way to impede that conversation, but as long as we are okay with protocol, because we have not had cards and it may be they are part of the backup behind you and therefore --

Strategic Initiatives Director Brent Stockwell: So I will clarify. We would have made the table bigger and had them sit at the table, so they could chime in. So we couldn't figure --

Mayor Lane: I'm presuming it's these three gentlemen here. Then let me extend the invitation to you if you would like to speak, if would you like to come to one of those microphones there or at the podium, either which way.

[Time: 02:31:13]

Fraternal Order of Police Officer Ryan McKinnon: I appreciate, Tom, this is a little bit out of protocol, I appreciate the opportunity. I am Ryan McKinnon; I am the president of the Fraternal Order of Police, Scottsdale lodge 135 and one of the members of the committee here. Just one of the points I want to bring up that's important for consideration. The first being that the 3% to max which is displayed on option A there, that's a little different from last year. If you recall last year was 3% of total payroll that was budgeted for pay raises. The difference being that 3% of total payroll includes money for those that were topped out or were not eligible for pay raises. In reality that 3% of total payroll is close to, if you look at the dollar amounts, is close to about a 4% raise for those eligible for pay raises. The reason I bring that up is because as we talk about these different options, the option A in real numbers is actually a little less because 3% to max dollar costs to officers is a little less than 3% of total payroll. If we are talking about 3 to 4%, we are actually talking about less than you provided in real dollars last year. So it is worst for us as police officers.

The second consideration is that 3 to 4% going forward, it still lags market. The reason we are here discussing this problem is because the year over year pay increases from Scottsdale compared to other agencies is less than those other agencies. I think that was displayed in slide 22. If we go to a 3 to 4% step or year-to-year increase, we'll continue to lag the market, and we will continue to be in this problem, where we lag our -- our salaries lag those of other agencies. I don't know if I can have Brent bring up slide 22, or -- I think it's 22, but if you recall, that was the one that goes by agency, the year-to-year increase and I'm sure you have in your packets. But we continue to lag other agencies, and at 3 or 4%, again we would be lagging other agencies. So we would continue the trend of getting lower than other agencies, lower than market really pay increases from year to year.

So in some of the discussions, we obviously want to fix the problem for the time being and that would be the fix we keep talking about to bring our salaries in line with the salaries of other agencies so we don't have the pay discrepancies where officers can go from our agency to other agencies to make more money. But at the same time if we just do that and we are back to the 3 to 4%, we are going to get to a point where we are lagging again because other agencies -- there you go, as you can see, having getting 5% and will be getting 5%. And Tempe is the only one matching us at 3%. That's a new M. O.U. for them. That's not permanent, that's only what they negotiated for those couple of years. They were 5% in the past and most likely, I think there's a trigger in there where they can go back to 5% in the future. Just some considerations I wanted to mention.

I know this is very complex issue, and I -- I agree with the mayor -- I mayor, I agree with your input, this is a great place to work. There's some intangibles in there and I would rather be a Scottsdale officer than an officer anywhere else. But there does come a point where you have to look at it as I have to be able to make the income I need and if I can make a better income somewhere else, obviously those inequities are greater than the desire to be a police officer here in Scottsdale. So I think really that is one of the issues.

And I understand market force and everything else. But you need to understand these decisions are being made on an individual basis, so the individual officers are making the decision to go to other

agencies. So we can talk about progression and all of these other things, but it really comes down to we have to match the market. If we don't match the market, officers at the individual level, not the macro level are going to make those decisions. So thank you for your time. I appreciate it. I don't want to drag had meeting out any longer.

Mayor Lane: Thank you again for the time you put into it and thank you for your remarks. Brent?

[Time: 02:35:11]

Strategic Initiatives Director Brent Stockwell: A quick sidebar between the City Treasurer and myself as soon as officer McKinnon started speaking, it was not clear to us whether or not the consensus was to come back with say 3.5 or 3.8% step fix or a 3.5 or 3.8% increase. Because the comment he was making was relevant to just an annual increase but not to a fix and so we thought we would get that clarification from you.

Mayor Lane: What we did here from the City Manager is he would bring back both in both forms when he raised that question. So we will look at that.

[Time: 02:35:57]

Mayor Lane: Well, barring any further comments, I think we are set. I would then accept a motion to adjourn.

Councilmembers: So moved. Second.

Mayor Lane: All those in favor of adjournment, please indicate by aye. We are adjourned. Thank you again very much.