CITY OF HAZELWOOD
COUNCIL WORK SESSION
MAY 10, 2023

CALL TO ORDER A Council work session was called to order by Mayor Matthew G. Robinson at 6:02 p.m. on May 10, 2023, in the Council Chambers at Hazelwood City Hall.

On roll call the following members of the Council were present:

Matthew G. Robinson
Lisa M. Matlock
Warren H. Taylor
Robert C. Smith
Jen Hatton
William C. Hoops, Jr.
Robert M. Aubuchon
Don W. Ryan
Kelly Wadlow

City Clerk Julie Lowery declared a quorum was present. Also present was City Manager Matt Zimmerman.

SPECIAL ORDER OF BUSINESS

ORDER OF AGENDA There were no objections and the order of the agenda was adopted as printed.

FY 2023/2024 BUDGET The proposed fiscal year 2023/2024 budget was reviewed.

Assistant City Manager-Finance David Tuberty stated the for the 2024 Capital Improvement Fund $4.7 million budgeted expenditures are planned, utilizing $547,213 in transfers from the General Fund, in addition to $1.9 million in sales tax. This would leave an expected fund balance of $181,167 for the end of fiscal year 2024. Major expenditures planned for 2024 include purchase of a new ambulance and property purchase for a new firehouse, purchase of police vehicles, concrete and asphalt street replacements, sidewalk replacements, police and fire equipment, heavy-duty maintenance vehicles and continued payments on long-term debt.

The department/division heads reviewed their respective budget(s).

Mr. Tuberty summarized the economic development budget.

RESTORATION OF PROGRAMS/POSITIONS Mr. Zimmerman provided the Council with a list of proposed programs to be considered in the 2024 budget.

After discussion, the Council requested to restore the printed City newsletter and Parks and Recreation Activity Guide, the Easter Egg Hunt, and reopening Civic Center East to the 2023-24 fiscal year budget.

Mr. Zimmerman stated the next review of the budget would include the restoration of these programs.

EMPLOYEE COMPENSATION

Mr. Zimmerman provided the Council with a proposal which includes a 5% Cost of Living Adjustment (COLA) and step increases for all employees.

Mr. Zimmerman stated the City Council approved a new pay plan last year based on a market study. The City's goal was to ensure that positions were at the median (50%) based on comparator communities. The last full pay study prior to 2022 was in 2015 and the City had fallen considerably below market. The Fire Department has had a 20% turnover while the Police and Public Works Departments have had 15% turnover over the past 2 years. Due to the City's strong fiscal condition, staff is recommending that the City Council approve a 5% COLA and a step increase for the 2023-24 fiscal year. A COLA would help keep the City competitive with our comparator communities. The cost for a 5% COLA would be approximately $787,502. COLA's have historically been approved for the first full pay period of the new fiscal year, which would begin July 2.

Regarding step increases, Mr. Zimmerman stated the City granted a delayed step in 2021 and a full step in 2019. In order to stay on schedule (alternating COLA and step) and in order to help retain employees, staff believes a COLA and step is warranted. It is also affordable at this time. A step is historically approved for the coming fiscal year on an employee's anniversary date. The cost of a step would be $502,896 on an annualized basis. The actual cost of the next fiscal year would be less since most employees' anniversary dates are after July 1. The cost for a 5% COLA plus step is estimated to be $1,279,750.

Lastly, Mr. Zimmerman stated management has received complaints from a number of employees that the cost share for dependent health, dental, and vision insurance (spouse, child, or family coverage) is very high and this is causing much of the employee turnover, especially for younger employees that are getting married and/or having children. Employees were very appreciative of the market adjustment, but much of the raises were eaten up by +6% inflation and a 14% increase in the City's health insurance rates last year. The City's cost per employee per month is much higher than communities who receive their health insurance from SLAIT. Since some of our comparator communities are in SLAIT, it has a direct impact on our ability to retain employees. Staff is recommending that the City's share of the monthly premium for dependent coverage increase from 50% to 75%. Mr. Zimmerman stated management believes reducing the employee share for health insurance, combined with a step and 5% COLA, will significantly reduce employee turnover. The cost to increase the City's share of the monthly premium is $176,000.

Mr. Zimmerman stated if the City Council accepted all three recommendations, the budget would increase by $1,455,750.

Mr. Zimmerman stated the public hearing for the budget will be held June 7.

ADJOURNMENT The meeting was adjourned at 7:51 p.m.

Matthew G. Robinson - Mayor
City of Hazelwood, Missouri

ATTEST:

Julie Lowery - City Clerk
City of Hazelwood, Missouri