BOARD OF MAYOR & ALDERMEN *WORK SESSION* MINUTES
TUESDAY, DECEMBER 13, 2022 – 5:00 P.M.
CITY HALL BOARD ROOM
FRANKLIN, TENNESSEE

Board Members

Mayor Ken Moore	P		
Vice Mayor Clyde Barnhill	P	Alderman Beverly Burger	P
Alderman Brandy Blanton	P	Alderman Matt Brown	A
Alderman Gabrielle Hanson	P	Alderman Jason Potts	P
Alderman Ann Petersen	P	Alderman Patrick Baggett	A

Department Directors/Staff

Eric Stuckey, City Administrator	P	Lanaii Benne, City Recorder	P
Vernon Gerth, ACA Development	P	Angie Johnson, City Recorder	P
Mark Hilty, ACA Public Works	P	Cayce Anderson, Deputy City Recorder	P
Kristine Brock, ACA/CFO	P	Hannah Lampela, Executive Assistant	P
Shauna Billingsley, City Attorney	P	Steve Grubb, Streets Director	P
Deb Faulkner, Police Chief	P	Lisa Clayton, Parks Director	P
Paul Holzen, Engineering Director	P	Jack Tucker, SES Director	P
Mike Lowe, Comptroller	P	Tom Marsh, BNS Director	P
Monique McCollough, Public Events Specialist	P	Scott Williar, Emergency Management Coordinator	P
Michelle Hatcher, Water Director	P	Jason Potts, IT Director	P
Chris Franklin, Public Works Operations Analyst	P		

CALL TO ORDER

Mayor Ken Moore called the Meeting to order at 5:01 p.m.

CITIZEN COMMENTS

Comments on agenda items may be made in person at City Hall or by emailing recorder@franklintn.gov. Comments will be submitted for the record.

WORK SESSION DISCUSSION ITEMS

1. **Consideration Of COF Contract No. 2022-0284, With Friends Of Franklin Parks For The Office Space At Eastern Flank Battlefield Park**

Lisa Clayton, Heather Eusebio

The contract is a lease agreement renewal for office space at Eastern Flank Battlefield Park.

Vice Mayor Barnhill wanted to ensure that the square footage of the office space is the same as the prior lease. Answer: It is the same square footage as before.

2. ***Consideration Of COF Contract No. 2022-0191, With Williamson Medical Center For The Coordination Of Emergency Medical First Responder Services**

Glenn Johnson

This is a recurring contract that was established between the City of Franklin and the Williamson Medical Center for emergency medical response in the City.

3. ***Consideration Of Resolution 2022-74, A Resolution To Create An Organizational Chart For The Transit Fund**

Eric Stuckey

The Resolution would add an additional position to the Transit Fund. This new position is the result of a review by Federal Transit of local transit operations. It is a part-time contract compliance position that will be hired through the City of Franklin, and then will report directly to the Franklin Transit Board. This was the primary recommendation from the Federal Transit review. This organizational chart change establishes that new part-time position.

4. ***Consideration Of Resolution 2022-75, A Resolution Of The Board Of Mayor And Aldermen For The City Of Franklin Adopting Budget Goals For The Fiscal Year 2023-2024**

Eric Stuckey, Michael Walters Young

The Resolution adopts the annual update of budget goals. Certain goals are evergreen and are in the budget every year as they relate to providing a structurally balanced budget. This year's specific goals include:

- Implementation of the process to update the Envision Franklin Land Use Plan
- Continuing the development of a strong workforce and offer support by providing a highly competitive compensation plan
- Development of affordable workforce housing
- County-wide growth plan
- Engagement of the public and wider community

5. ***Consideration Of Ordinance 2022-44, An Ordinance Revising The Installation Fees For Title 18, Chapters Appendix A, Comprehensive Fees And Penalties Chapter 18 Of The Franklin Municipal Code**

Michelle Hatcher, Brian Goodwin

This Ordinance is unrelated to the Sewer Impact Fees discussed at the November 28, 2022 Board of Mayor and Alderman Special Work Session. The purpose of the Installation Fees is to recapture the cost it takes the City to install the connections to water and sewer systems. This includes the meter, the valving, and the tap to the City's main sewer and water lines. The fee also includes labor cost, equipment cost, and the material cost, which is why cost escalation is evident in the proposed fees.

For Fire Hydrant and Sprinkler System Installation Fees, the cost for 3" meters and above are lower because typically developers will install those, and the City's only expense is inspection and a minimal administrative cost.

For Water Installation Fees, there is also a reduced cost for 3" to 8" meters.

For Sewer Installation Fees, the 2" sewer service typically includes a grinder pump and the force main that the City would make the tap for, and the 2" to 6" sewer service requires installation of the gravity sewer. Those are separated in the tap already, so in an interceptor or gravity main where the tap has been made for that house, the City would just have to connect it or make the tap into a main.

For Effluent Disposal Assessment Fees, the fee will remain the same.

For Reclaimed Water Connection and Meter Installation Fees, it is essentially the same system as the water distribution system, so those installation fees remain the same as the table shown in the Ordinance.

Alderman Hanson asked if the decision has to be made tonight?
Answer: The Ordinance is on tonight's agenda.

Alderman Potts thanked Staff for putting the presentation together since it is easier to digest than the Ordinance. Then, he asked for more history regarding the Fire Hydrant and Sprinkler System Installation Fees. When were the existing rates put into place and how long it has been since they've been updated? Why have the fees not increased since then?
Answer: Typically, these rates adjust with impact fees, so it has been a long time coming. There is a provision in the Ordinance that provides the department the ability to charge the actual expenses, but these proposed fees simplify and anticipate the actual cost today. For example, when the Water Department goes out and does a complete installation, typically $720 is not sufficient so there is an additional set of fees added based on time, materials, and labor. It is based on the complexity of the installation.

Alderman Potts asks again how long has it been since these fees have been evaluated and adjusted?
Answer: More than 10 years.

Alderman Blanton requested that the installation versus inspection costs be expanded upon for clarity.
Answer: In the table within the Ordinance, for 3" meters and above, there is an asterisk to delineate that only an inspection cost is required. The developers typically cover the installation for larger meters.

Mr. Stuckey proposed that this topic be discussed again at the January 10, 2023 Mayor of Board and Alderman Work Session, and defer the first reading of the Ordinance to be heard at the January 24, 2023 Board of Mayor and Alderman Meeting. This will allow time to provide further breakdown of the new fees.

Alderman Petersen asked why there has not been a lot of discussion on Sewer Installation Fees?
Answer: **There is not a lot of price differential when dealing with materials for sewer installation. For example, a 4" PVC pipe and a 6" PVC pipe have a minimal price difference.**

6. Consideration Of Resolution 2022-78, A Resolution For A Third Amendment To The City Of Franklin Amended And Restated Employees' Pension Plan Dated Effective As Of January 1, 2018 Regarding The Measuring Period For Average Compensation

Kristine Brock

This proposed Amendment has been talked through with the Pension Committee, and there is a unanimous recommendation in favor of passing the Resolution. The Amendment originated from an internal request from City Staff to modify the way the City calculates final average compensation. The proposal is to go from 3-year or 5-year compensation average to a rolling monthly calculation (i.e., 36 months or 60 months). This prevents most retirements from occurring at the end of the calendar year. This Amendment would allow flexibility without compromising on the average calculation. It has been discussed with the Actuary, and financial impact is minimal.

This would move forward as a Resolution at the January 10, 2023 Board of Mayor and Alderman Meeting.

Alderman Petersen asks how to see what the pay is for a 12-month period that does not end in December?
Answer: Currently, active employees receive an annual statement showing an estimate of benefits based on the calendar year. The City is required to produce a 12/31 valuation of the plan. Right now, and likely in the future, the Actuary calculates the valuation of the entire plan, which is also done for budget purposes so it can be adequately funded, and then does annual statements for individuals based on the data. If an employee decides to retire earlier in the calendar year, the Actuary must do separate calculations for each individual person. Therefore, the City works with employees when they retire to determine their total benefit.

Alderman Blanton is in support of the new monthly calculation based on discussions with employees who are in favor of the opportunity. She likes how it allows Staff to retire at any point in the year and not sacrifice compensation and maximize the formula. The only negative commentary **she's heard is general confusion about the calculation.**

7. Consideration Of Resolution 2022-79, A Resolution To Adopt A Policy For The Amended and Restated Employees' Pension Plan Dated Effective As Of January 1, 2018 For Post-Retirement Benefit Increases Or Cost Of Living Adjustments.

Kristine Brock

The Resolution's primary goal is to revisit the City of Franklin Closed Pension Plan and provide a structured City-wide policy regarding post-retirement benefits and cost-of-living adjustments. Another goal is to provide flexibility for further amendments which is why it is brought forth as a Resolution, rather than a Plan Amendment. City Staff have conducted research on best practices for pension funds, and it was made clear that having some level of cap and overall framework for inflationary increases is necessary.

Specifically, the City is looking at cost-of-living increase provisions. As a City, there are two different pension funds. The first is the Current Closed Plan for employees hired on or before 12/31/2016. The Board of Mayor and Alderman (BOMA) may provide a cost-of-living adjustment (COLA) for retirees and beneficiaries by Resolution with broad authorization that does not require the Board to act, say when to implement, or how to calculate these provisions. The second is the Open TCRS Plan for Employees hired on or after 1/1/2017 where a COLA is made annually in July. It is calculated as the annual change in the April Consumer Price Index, excluding food and fuel, subject to a maximum rate of 3%.

From calendar years 2009 to 2021 for the Closed Plan, BOMA provided a COLA annually in July calculated as the annual change in the March Consumer Price Index, excluding food and fuel. In July 2022, BOMA provided a COLA increase of 4.5%. On September 12, 2022, the Employee Pension Committee discussed a proposal for BOMA consideration of COLA policy tiered to funded ratio of the plan. On December 5, 2022, the Employee Pension Committee recommended that BOMA consider a Resolution (2022-79) for a Cost Living Policy for the Closed Pension Plan.

Upon approval of the Resolution by the Board of Mayor and Alderman, a cost-of-living adjustment for retired participants and beneficiaries of the plan shall be awarded annually based upon the year over year change in the Consumer Price Index (CPI-U) in accordance with the maximum and minimum limits in the table show in the Resolution.

8. Update On Pay Compression Plan

Eric Stuckey

The City is prepared to implement this plan to address some compression adjustments that are necessary within our pay structure. One of the major elements of the current budget was to update **the City's** compensation and classification plan. The update had been planned for FY21 but was delayed due to the disruption and uncertainty of the global pandemic.

The FY23 Compensation Study identified the need to adjust almost 68% of positions in terms of pay grade based on the current market value and **the City's** desire to be in the top 25% of every market position. 79% of employees had an increase in pay due to the study. The City also eliminated the lowest pay grades.

What the City did in July 2022:

- Adopt new pay plan that increased all paygrade ranges another 5% (resulting in a total 10% increase combining the December 2021 and the July 2022 adjustments).
- Moved all impacted employees to their updated pay grades. All who were below the new minimums were moved to the new minimum pay of their paygrade.
- Employees received an across-the-**board market adjustment that raised each team member's compensation by** 5%.
- Employees received a merit increase of 0.5%-2.5**% based on the previous year's review.**
- Employees received a 3% pay raise if their position moved up a pay grade.
- Employees received a 6% pay raise if their position moved up two pay grades.
- Employees whose new base rate of pay is less than $90,000 had an additional $1,000 added to their salary.

In total, this was an $8M price tag, when it is typically $3M.

Results of FY23 Compensation Plan Implementation:

- Job classifications and pay grades were adjusted resulting in a new compensation plan that is competitive in the market and places the City of Franklin in the Top 25% or better.
- Many employees received significant pay adjustment and moved up pay grades.
- Unfortunately, these large-scale adjustments did create some areas of pay compression between newer employees and those who are more tenured. This is especially true where there was a significant adjustment in the pay grade.

Proposed Compression Solution:

- The City developed a formula that addresses compression.
- It re-establishes the wage gap between newer employees versus more tenured employees.
- Only employees who have three or more years in their current position will get a salary adjustment.
- Salary adjustments are based on annual factor.
- Annual factor is calculated based on the average annual adjustment needed to get an employee to the midpoint compensation value by year 8 in position.

Financial Impact of Compression Solution:

- Approximately 710 positions were analyzed and approximately 385 will receive a salary adjustment.
- Approximate Funds impact:
  - FY 23 General Fund impact of $500,000
  - FY 23 Water Fund impact of $100,000
  - FY 23 Sanitation Fund impact of $40,000
  - FY23 Stormwater Fund impact of$25,000

Proposed Implementation:

- These actions can be taken within both the existing approved budget and the approved compensation plan
- Implement with the second full pay period in January 2023.

Alderman Burger asks if someone receives more certifications, extra licenses, or a college degree, do they still get compensated for that in the form of a raise? Does it come into effect in the formula?
Answer: It does not come into effect in the formula. It really depends on certain positions. The City has identified certain certifications (etc.) that might qualify staff members to move positions. For example, if **some of the City's inspectors** from Building and Neighborhood Services get additional inspection certifications that allow them to do more inspections, it may move them from Inspector II to Inspector III, which has pay implications. While the certificate does not imply a pay adjustment, it does help the career path of individuals.

Alderman Potts requested to revisit the scenario where the supervisor and employee currently make the same pay. What is the adjustment? Is there any backpay?
Answer: The City does not plan to do backpay, rather it will be implemented as a go-forward practice, starting January 22, 2023.

Alderman Blanton is in support of the proposal because it is important for culture amongst peers – for morale, respect, and chain of command. Most **proactive solution for compression pay that she's seen in her 12 years** on the Board.

9. Proposed 2023 Calendar Of Board Of Mayor And Aldermen And Committee Meetings

Lanaii Benne, Angie Johnson

The proposed calendar is reflective of the current meeting schedule. There is only one meeting in October because the second meeting coincides with Election Day. Also, there is only one meeting in July and December for summer and winter holiday breaks respectively.

One goal for 2023 is to complete the department budget presentations sooner to each Committee and to the Board to provide time for feedback and enhancements.

Alderman Burger notices there is no CIC meeting in November and suggests that Staff slot it in for November 16, 2023. If it is no longer needed, then it can be cancelled/removed at a later date.

OTHER BUSINESS

ADJOURN

Work Session adjourned @ 6:41 p.m.

Dr. Ken Moore, Mayor

Minutes prepared by Sarah Schilling, Assistant Deputy City Recorder, City Administrator's Office 1/10/2023 11:55 AM