

Approved

SANBORNTON BOARD OF SELECTMEN'S MINUTES

January 10, 2018

Town Offices

The Board of Selectmen convened in regular session on Wednesday, January 10, 2018 at 1:00 p.m. at the Town Offices to conduct a Public Informational Session. In attendance were Selectman Karen Ober, Selectman John Olmstead and Selectman Katy North. Town Administrator, Katie Ambrose was also present.

1.0 Town Compensation Informational Session & Presentation - Chair Ober thanked all of those who joined them today and asked that questions be held until the end of the presentation. Chair Ober explained that she would be providing the timeline & history of how we got to where we are today. Since March of 2010 there were 3 separate pay matrices that were a three step plan "low, medium and high" with a 7% increase between and from step to step the high remained the low to the next step. Department Heads were requesting pay increases for their employees but not themselves which threw off the alignment of the pay matrix. In March 2014, she attended a Primex workshop which was for retention & morale then was in touch with Laurie Glaude of Aurora Business Solutions, who conducted an HR Audit by contacting our employees and department heads and a final report was issued in June of 2014. The report confirmed that there were issues/concerns with our existing model and it could be more effective than it had been, so in July of 2014 we moved forward with the establishment of the Pay Matrix Study Committee.

Selectman Olmstead stated that in August of 2014, the Pay Matrix Study Committee was formed and consisted of Paul Dexter (Fire Chief), Robb Jutton (Assessing), John Olmstead (Budget Committee), Bob Veloski (TA), Craig Davis (Citizen) and Evelyn Auger (Citizen, at a later date). September 8, 2014, Craig Davis was elected Chairman and the committee had some very lengthy discussions regarding cost of living adjustments versus raises but came to the conclusion that all departments had to "opt" in to the pay matrix for it to be effective. The committee also decided that the Town needed a uniform evaluation form for employees and created a glossary of terms. Then they started discussion on what grades to have, steps to have and at what percentages. October 8th they started to look at comparisons based on age & population by looking at the Towns of Gilmanton, Sandwich & Strafford then looked at merits for competitive employment by looking at the Towns of Meredith, New Hampton and Belmont, since those were the Towns most of our employees were lost to. We also looked at methods of how to fairly apply the matrix across the entire Town and a fair based starting rate. January 15th, we wrote the glossary of terms, which has been provided in the meeting packet. February 19, 2015, we discussed a 3-step plan and a 10-step plan with a low, medium and high range which was given to the Selectmen for a final decision. March 15, 2015, two drafts of the employee evaluation form were presented to the BOS, as well as a rigid matrix with a 7% grade differential and a 2.5% step differential, to see which one they liked better. June 15, 2015, the committee did a final review of the glossary of terms, voted to present a 19-grade, 10-step pay matrix and two forms of employee review form.

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July 8, 2015, the committee presented their final findings to the BOS. Back in March, the committee decided they did not have the expertise to assign the grades or steps to the employees, to place them on the pay matrix, so it would be up to an outside firm or the BOS. November 2016, the BOS approved the pay matrix with a 1.5% COLA that was previously adopted and approved the glossary of terms.

Selectman North stated she stepped in to the Selectmen's seat in the middle of this process in September of 2016, the board reworked all of the job descriptions to send to Thornton & Associates to do the study after the board had adopted the recommended pay matrix in November of 2016. Since that time, the board has worked diligently to put all the new employees on the matrix and current employees were placed by current pay to the matrix. The pay matrix increases were supposed to be presented at last Town meeting for the FY '18 budget but the study was not received until after that time. The study did not result in what the Board had hoped, in order for them to move forward with guidelines for a total compensation approach for the FY 18' budget process. The BOS made several adjustments in an effort to move the Town forward and made some minor adjustments while placing current employees on the matrix at current salary amounts, Department Heads were asked to place employees on the pay matrix for the FY' 19' budget and come to the Selectmen with justification for those recommended amounts. The BOS are looking to offset the increase for the FY '19 budget cycle due to the pay matrix compensation portion of the budget that will affect the operating portion with funds from the fund balance, as to not further burden the taxpayers. There is a document attached to the pay matrix on the website which was used as a tool for the BOS to place the employees on the pay matrix from the committee but the document is currently inaccurate due to the many new hires in the calendar year of 2017 and the document will be removed to eliminate the confusion. The Town looks forward to adding a spreadsheet to guide the taxpayers with the grade & step of each position, not the employee in the near future. The Thornton study suggested placing all employees at step 1 within the suggested grade without considering individual employee's experience, longevity or education, just a basic suggestion. The use of Thornton Study would only be for informational purposes and the BOS voted to accept the study's receipt but not use it for recommendations. At the 25th percentile there was \$65K in salaries we would need not including payroll burden or retirement. In April we received an amount from Thornton to increase everyone on staff to a 2.5% increase to the tune of \$122,991 dollars plus an additional \$6K for the Library, not including payroll burden. We then had a meeting with Thornton and they provided what the 50th percentile would look like, which was \$141,569 in salaries plus an additional \$11K for the Library, which again, did not include payroll burden.

Chair Ober stated so what the Board decided to do was use the existing pay matrix that we adopted in 2016 and place employees on there by current pay & years of service but are still well below market value. One of the things that has precipitated to move forward with placing employees on a reasonable schedule, is that the fact that the Town has had twelve open positions in Town with two of the positions being open twice, so there were actually 14 vacancies in calendar year 2017. As we have been hiring those people, some of those positions are not being hired at the same level of experience that was being provided by our more seasoned employees. Since we have started hiring, it has been hard

to entice people because we are so far below market value, so they can go other places and make way more money. One of the things that happened was that the Police Department lost three people in 2017 and in order to try and entice people to either stay or entice more trained people, the Chief came to us with a plan to increase the pay within his budget by not filling one vacant position. In turn, this threw everything off with the other department's employees and so we have been trying to move forward with something reasonable for all of the employees and the taxpayers. We conducted exit interviews with most of the employees that left and pay was either the number one or number two reason of why they were leaving. It was estimated that the compensation they were leaving for was a ¼ to ⅓ more in hourly compensation as well as benefits. We have been trying hard to increase those rates to retain our employees and get people with experience. In addition, the Town has seen an increase in unanticipated revenues which has increased the fund balance, so in an effort to return that to the taxpayers the Town has increased the retention of those funds from 7% to 10% and utilized \$93K to stabilize the tax rate. The Board will be placing a separate warrant article on the warrant in the amount of \$48,359 dollars for the proposed pay adjustments to come from the fund balance through the Selectmen's proposed budget for 2019.

Selectman North added those funds from the fund balance will be in addition to what was used to stabilize the tax rate and that the Board took funding from unfilled positions, we did not cut positions or services. Chair Ober stated future pay increases will be based on job performance, so each year an employee evaluation will be completed. After the Thornton report was received, they held a workshop with Department Heads with the help of the Town Administrator and a summary report of that meeting was produced, which helped us to move forward not backwards. Selectman North stated the Board looks forward to future matrix moves and placing people in line with market value not at market value, on a gradual basis for all employees using the matrix to retain our dedicated professionals to better serve the residents of Sanbornton.

Chair Ober stated one of the other reasons people left was benefits, the payment in lieu of medical insurance was \$1,000 dollars and one person left because they would receive \$10,000 dollars at another town. The Board increased that benefit this year for FY 19' to \$4,500 dollars for one member which is received after opting out of the insurance for a full year (effective 1/1/18). Selectman Olmstead stated an example of a recent employee leaving was at the Transfer Station and that person left to make \$2.89 dollars more an hour at another town.

Bill Whalen stated going forward the \$48K figure will come from taxation and the Board needs to be honest about that. Selectman North replied not everyone would be receiving an increase. Bill Whalen thanked the Board for the presentation, it was great.

TC/TC Davis stated the Budget Committee should be ashamed if they do not attend the informative meeting because she knows they do not understand the process. Selectman North noted there is a joint meeting with the Budget Committee next week and hopefully they can have this discussion.

2.0 ADJOURNMENT – Selectman Olmstead made a **motion** to adjourn the meeting at 1:35

p.m. Selectman North **seconded** the motion and the **motion passed unanimously.**

3.0 NEXT MEETING(S) – The Board of Selectmen’s next regularly scheduled meeting will be held on **Wednesday, January 10, 2018 @ 5 p.m.** at the **Town Offices.**

Respectfully submitted,
April Rollins, Administrative Specialist

Approved 1/17/18 _____
Selectmen’s Clerk