

CITY OF SHOREWOOD
CITY COUNCIL REGULAR MEETING
MONDAY, SEPTEMBER 11, 2023

5755 COUNTRY CLUB ROAD
COUNCIL CHAMBERS
7:00 P.M.

MINUTES

1. CONVENE CITY COUNCIL REGULAR MEETING

Mayor Labadie called the meeting to order at 7:04 P.M. and read aloud comments that had been made earlier in the day by Attorney General Merrick Garland in commemoration of the terrorist attacks on 9/11/2001.

A. Pledge of Allegiance

B. Roll Call

Present. Mayor Labadie; Councilmembers Callies, Maddy, and Sanschagrín; City Attorney Shepherd; City Administrator Nevinski; City Clerk/HR Director Thone; Finance Director Rigdon; Planning Director Darling; Director of Public Works Morreim; Park and Recreation Director Crossfield; and, City Engineer Budde

Absent: Councilmember Zerby

C. Review Agenda

Maddy moved, Callies seconded, approving the agenda as presented.

Motion carried.

2. CONSENT AGENDA

Mayor Labadie reviewed the items on the Consent Agenda.

Sanschagrín moved, Maddy seconded, Approving the Motions Contained on the Consent Agenda and Adopting the Resolutions Therein.

A. City Council Work Session Minutes of August 28, 2023

B. City Council Regular Meeting Minutes of August 28, 2023

C. Approval of the Verified Claims List

D. Approve Donation for 2023 Oktoberfest, Adopting RESOLUTION NO. 23-093, "A Resolution Accepting Donation to the City of Shorewood 2023."

Motion carried.

3. MATTERS FROM THE FLOOR

4. REPORTS AND PRESENTATIONS

5. PARKS

A. Approve Independent Recreation Contractor Agreement with Bach to Rock

Park and Recreation Director Crossfield explained that Bach to Rock had opened a location in Minnetonka and have had success partnering with other cities on various programs. She stated that she would like to partner with them in order to initially offer programming for youth with the potential for adult programming in the future.

Councilmember Callies asked for details about the proposed percentage split.

Park and Recreation Director Crossfield stated that Bach to Rock would receive eighty percent of the revenue and the City would get twenty percent. She explained that the City's role would be to promote the program and handle registration and communication with the provider. She stated that the program would take place at their location and provide all the instructors and equipment.

Callies moved, Maddy seconded, to approve the Independent Contractor Agreement with Bach to Rock, as presented.

Motion carried.

B. Approve Independent Recreation Contractor Agreement with Snapology

Park and Recreation Director Crossfield explained that Snapology provides STEAM programming for youth in the community. She explained that they had expanded locations into Plymouth and the proposal is for them to come to the City and provide programming at Eddy's Station and the Shorewood Community and Event Center. She noted that this agreement also proposes to split the revenue as eighty percent for Snapology and twenty percent for the City.

Councilmember Sanschagrín asked how Park and Recreation Director Crossfield felt about that split considering the City would be providing the spaces and that it may involve more staff time.

Park and Recreation Director Crossfield stated that the proposed revenue sharing split is pretty standard for contracted programs.

Callies moved, Maddy seconded, to approve the Independent Contractor Agreement with Snapology, as presented.

Motion carried.

6. PLANNING

A. Comprehensive Plan Amendment for Lake Park Villas

Location: 24250 Smithtown Road

Applicant: City of Shorewood

Planning Director Darling gave an overview of the request from the City to re-guide the property located at 24250 Smithtown Road from Medium Density Residential to Low to Medium Density Residential for the Lake Park Villas development. She explained that she has had a conversation

with the Met Council and the City is able to roll this change into the review of the Comprehensive Plan without any need for separate action. Staff and the Planning Commission recommend approval in order to keep the Comprehensive Plan consistent with the development that is approved.

City Administrator Nevinski noted that he believed this would require a 4/5 to approve this item.

Planning Director Darling explained that a 3/5 vote was what was required because it would be changing from one residential designation to another and not something like changing to commercial.

City Attorney Shepherd noted that he would research this what is required and noted that if all four Councilmembers vote in favor there will not be a problems.

Councilmember Callies asked if the City's Comprehensive Plan was still under review.

Planning Director Darling explained that the Met Council has declared that the Comprehensive Plan submission is complete and they have a review schedule which is why staff is moving this along a bit more quickly in order to be able to roll it into the review process.

Councilmember Sanschagrín asked if Tonka Bay had to do this same kind of thing for this situation.

Planning Director Darling stated that they did.

Councilmember Callies noted that the Council discussed the pros and cons of this development on a number of occasions and explained that she is in favor of approving a Comprehensive Plan amendment.

Callies moved, Maddy seconded, Adopting RESOLUTION NO. 23-094, "A Resolution Approving a Comprehensive Plan Amendment for the Property Located at 24250 Smithtown Road."

Motion carried.

7. ENGINEERING/PUBLIC WORKS

8. GENERAL/NEW BUSINESS

A. Compensation Study – Presentation by Dr. Tessa Melvin, David Drown Associates

Dr. Tessa Melvin, David Drown Associates, presented the Council with details and recommendations from the Compensation Study. She reviewed the Scope of Project, peer communities/organization, current pay grid, and City positions related to the market analysis. She noted that the marketplace is volatile right now with a shortage in laborers and the applicant pools getting smaller and smaller. She stated that because she saw some positions more out of line than others she had gone to the project team and suggested that they take a look at the classifications.

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Councilmember Callies asked for an explanation of the column that is labeled 'Client Min.% of Bench'.

Dr. Melvin explained that was meant to portray where the City was in comparison with their benchmarks so if it said 81% that would mean it was about 19% under market. She noted that if anything was designated as pink on the chart that would be something that they would flag to take a closer look to see why it is so out of line with the market. She explained that cities have set a pay philosophy to move their pay scale a bit above the market average in order to be more competitive in the market. She reviewed the proposed classification changes for the Administrative Assistant, Building Official, Rec. Part-Time, Park and Recreation Director, City Clerk/HR, and Administrator positions.

City Administrator Nevinski noted that this is fairly complicated information and admitted that it has taken him a while to wrap his head around the information Dr. Melvin has shared. He encouraged the Council to ask questions and get clarity on anything that is not clear.

Dr. Melvin noted that even if the City chose to adjust the grid by five or ten percent, these positions would still be under market. She stated that changing the classifications is a surgical approach to fix these specific issues and then they can adjust the grid/pay steps according to the Compensation Study information and the City's pay philosophy.

Councilmember Callies she asked about the benchmark cities.

Dr. Melvin clarified that she had only looked at the benchmark cities that were approved by the Council. She explained that the only reason she had mentioned the private sector was because they know for entry level positions, they are paying \$18.00 to \$24.00/hour which is pushing cities to have to compete with their entry level positions.

Councilmember Callies asked how the market analysis took into consideration the benefits that cities pay that other entities do not.

Dr. Melvin explained that this only looks at wages because it is very difficult to compare 'apples to apples' with benefits. She stated that the Council could, as part of setting their pay philosophy, say that this is where they are with their pay because of the benefits they offer.

City Administrator Nevinski noted that he believed that the League of Minnesota Cities is working on creating a database in order to help cities compare benefits.

City Clerk/HR Director Thone noted that they had just completed a survey for the League of Minnesota and believes that they will get some of that data back by March or April of 2024.

Mayor Labadie asked if the League of Minnesota Cities was gathering data from all member cities.

City Clerk/HR Director Thone stated that she believed that they were.

Dr. Melvin noted that it was being done on a voluntary basis and was not a mandate.

Mayor Labadie asked if the information released by the League of Minnesota Cities would be detailed or more generalized. She stated that she feels that a City like Shorewood in the metro

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area with eight thousand people will be very different than a city in northern Minnesota that also has eight thousand people.

Dr. Melvin explained that the information will allow someone to go in and sort through and pick the cities that they would like.

Councilmember Sanschagrín confirmed that the data would be sourced from cities who were self-reporting.

Dr. Melvin stated that it was from data collected this year and will be released in March but noted that she feels they did a bit of disservice by not asking cities what their 2024 COLA would be so the data they will have in March will not be real, live, data.

Councilmember Callies referenced the chart that appears in her report after the first grid and asked what each column designation meant.

Dr. Melvin gave a brief overview and explanation for the meaning of each column and answered Council questions.

City Administrator Nevinski noted that the classification method that Dr. Melvin had used was outlined in the memo included in the packet.

Dr. Melvin reminded the Council that she was looking at the positions and not the individuals that are in that position.

Councilmember Callies asked if staff had written their own job descriptions because much of this is based on job descriptions and requirements.

Dr. Melvin stated that the job descriptions were written by a consultant with information submitted by the employee about what duties may have changed since the last job description, but were also checked by the supervisor so this information cannot be over-inflated. She reviewed the proposed 2024 grid information and explained that they had changed some classifications to correct pay equity issues and adding one step to the new pay grid. She described various ways to implement this proposed grid and outlined the decisions for the Council to make.

Councilmember Maddy asked if it would be beneficial from a recruitment standpoint to remove the first step.

Dr. Melvin stated that they could do that but noted that the City was fairly competitive there. She noted that one issue that may arise is a leapfrog situation where someone who has been here two years and someone who has only been here one, for example, in Public Works, now are together on the same step despite the difference in longevity which can create some internal issues.

City Administrator Nevinski suggested that Council hold onto these thoughts as they get a bit deeper into this issue because there are some policy questions that have also arisen. He explained that a big piece of it is trying to avoid that leapfrog or compression issue described by Dr. Melvin.

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Dr. Melvin stated that adding the additional step allows growth for all employees, especially ones that are currently maxed out and puts the City in a highly competitive place at about five percent above market average. She outlined the financial impacts of the proposed changes.

Councilmember Callies asked about the rationale behind making the category changes on October 1st rather than waiting until January.

Dr. Melvin explained that the Council would basically be telling employees that they know their job is misclassified, but we are going to wait until January to fix it.

Councilmember Callies stated that she was not sure that was accurate because she would not necessarily say they were 'misclassified' and believes there is some subjectivity at play. She stated that, in her opinion, it was not illegal to wait until January 1st.

Dr. Melvin stated that decision would definitely be the Council's choice.

City Administrator Nevinski noted that at a staff level they now know about the issue and that there are some people who are not properly paid or valued. He noted that the City has the funds to make these changes in 2023 and staff felt that dealing with the budget adjustments for 2024 was a logical proposal, but noted that it is the Council's discretion.

Councilmember Callies reiterated that she was not sure would classify this as 'wrong' because this study could have taken longer and asked if they were talking about retroactive payment.

Dr. Melvin clarified that this has nothing to do with the market and these are only the classifications. She stated that regardless of the Council chose to do anything with the grid, those positions should be someplace different rather that where they are. She stated that she would agree that they were subjective and explained that as the person doing it, she did not know anyone and was not biased.

City Administrator Nevinski noted that the Compliance Worth study that they have to submit at the end of the year will be based on where the City is at in 2023.

City Clerk/HR Director Thone clarified that it will be due in February, but agreed that it was based on 2023 data.

City Administrator Nevinski stated that if they do not make those adjustments, when they report, they will be out of compliance.

Dr. Melvin agreed and explained that the City would then receive an incompliant report and then have to go back and say, 'here are the change we have made from December to February'.

Councilmember Callies stated that she still feels making these changes in October feels a bit arbitrary.

Councilmember Maddy stated that he feels they have kind of glossed over what the actual requirements of pay equity are and asked what the City's liabilities are. He asked who chooses whether or not the City is in compliance.

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Dr. Melvin explained that the State has a system that the City has to report, every three years, each position and the compensation worth points and then it runs a statistical analysis that will tell them where they are in compliance of underpaid positions.

Councilmember Maddy stated that if the City does not pass and does not take any LGA funds, he asked what the City's liability would be.

Dr. Melvin explained that the State could take other types of State funding away.

Councilmember Sanschagrin asked if the Council was being asked to do anything tonight beyond approving the study.

Councilmember Callies stated that her understanding of the staff memo in the packet was that this was also taking the next step.

City Administrator Nevinski explained that there is a proposed pay grid that is included and staff has proposed this based on where they believe they need to go based on the data and the budget process. He stated that the Council certainly has the discretion to make a different decision than what staff is recommending. He explained that that part of the goal was to land on some numbers so they could be factored into the 2024 budget.

Councilmember Sanschagrin asked if the Council approved this grid if that meant it would automatically be implemented in October.

City Administrator Nevinski stated that they would use this grid starting on January 1, 2024. He stated that the issue Councilmember Callies was referring to the timing of the change in classifications. He explained that they have left the language within the resolution kind of vague so that whatever direction the Council gives is captured and indirectly reflected in the resolutions, perhaps through the minutes.

Councilmember Callies read aloud a portion of the language within the resolution that says they are approving the Compensation Study Market Analysis, the pay grid calibration, and the reclassification policy. She stated that she did not feel this was clear enough and noted that she would like to have more time to discuss the policy. She stated that she does not have the expertise to decide whether the minimum amount for the Community Center Attendant, for example, should be \$13.62 versus \$13.40. She noted that she really did not have too many questions about the steps or grid other than the policy and timing of the implementation. She stated that during the budget discussions they had budgeted in the cost of DDA.

City Administrator Nevinski clarified that they had included in the budget the thirty-four thousand dollars in the General Fund and then there are some additional dollars that are applied to the Enterprise Funds which brings it up to almost forty-thousand dollars in total. He stated that the classification changes they are proposing come out of the 2023 budget. He stated that to Councilmember Callie's point, he feels that the Council could pause and spend some time talking about the options that have been laid out so they are comfortable.

Mayor Labadie stated that she would not dispute the information found on the grid, but noted that this is a lot of information that came at the Council very quickly. She stated that their decision will effect the entire employee structure moving forward. She explained that it was not that she was

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disagreeing with any of the information that has been presented, but wouldn't mind looking at it in further detail and having additional time to discuss it.

Councilmember Sanschagrín stated that he agreed that this needed additional time and would suggest that the Council table this item to a future meeting.

Councilmember Maddy asked if there was just disagreement on the recommended implementation and the its timing or other information. He stated that the Council was given four options, but the resolution was written up with the most expensive option.

City Administrator Nevinski clarified that the recommendation in the staff memo was for Option #4 and noted that the most expensive option would be Option #2.

Councilmember Callies stated that the resolution does not say what it is the City is actually doing.

City Administrator Nevinski explained that the Council could modify the resolution to specify those details.

Councilmember Sanschagrín stated that thinks one thing that should be clarified is what the impact would be on the 2023 budget if it is implemented in October and if those funds would be taken from Reserves.

City Administrator Nevinski stated that there ways to absorb those additional costs in 2023 within the budget and reminded the Council that it would also be a way to recognize where they are at and making a correction.

Dr. Melvin explained that had not originally been part of the scope of their project but they want to make sure that the City has policies in place so if there is a reclassification in the future it is memorialized on how they do it in a consistent manner.

Councilmember Callies asked if she meant that whichever of the four options the Council chooses now is also how they should be doing it in the future.

City Administrator Nevinski agreed and noted that moving forward that would set the standard unless they decide to change the policy.

Dr. Melvin explained that something they generally recommend is that it is in the employee handbook so employees know that if there is a reclassification and how it will work. He noted that it is important for there to be consistency so everyone is treated fairly.

Councilmember Callies stated that she feels this needs more discussion, but noted that it could happen tonight.

City Administrator Nevinski stated that staff would prefer that the Council take the time to hash this out tonight unless there is some additional information that is not available because Dr. Melvin was already here.

Mayor Labadie asked if the Council felt ready to digest the information that they have already been given and to make a decision. She stated that it may be beneficial to go through each option very slowly tonight with Dr. Melvin.

City Clerk/HR Thone suggested that she read aloud the options, including the advantages, disadvantages, and the cost of each and then Dr. Melvin can share any pertinent insights she has with the Council.

Councilmember Callies stated that she understands from an employee perspective that they would want their money sooner rather than later, but reiterated her question about the urgency of making these changes effective October 1st.

Dr. Melvin explained that she had put in October 1, 2023 because she can easily calculate it because it is the last quarter of the year. She stated that the only urgency would be that it should be done before December 20, 2023 because what is on that day is what their pay equity report will look at and right now, the City would not pass. She stated that means the City would get a negative letter and may be fined.

Councilmember Sanschagrín asked if these costs only reflected salaries.

Dr. Melvin confirmed that they reflected just wage costs.

Councilmember Maddy noted that the costs included in the staff report were based on the October 1, 2023 implementation and that the cost between all the options was a difference of about five-thousand dollars.

Dr. Melvin gave a brief rundown and explanation of each option.

The Council discussed variations that would take place within the options and how it would affect employees, including how to address situations where there is more longevity in an employee working in the same position as a newer employee; what other cities have done in these situations; and impacts to the budget.

Councilmember Callies asked how long ago the City had done a reclassification.

City Clerk/HR Director Thone stated that the City had done a compensation study in 2016, implemented it in 2017, and the last time a position was reclassified was probably about four years ago.

Councilmember Callies stated that it is possible that this will come up within the next few years so it would make sense to have a policy.

City Clerk/HR Director Thone noted that she suspected the Council will see a few other reclassifications within the next year.

Callies moved, Sanschagrín seconded, to Approve Reclassification Option #3 and make an accommodation for current employees that are in the Administrative Assistant positions so the person with more seniority is a step ahead.

Councilmember Maddy noted that he would choose Option #4 because it fixes both issues. He stated that if the City wanted to reward employees for longevity he did not understand why they would need five years to be considered for a step increase. He explained that he was leaning towards going with the recommendation made by staff.

Mayor Labadie agreed that she was also leaning towards Option #4 which meant they are looking at a split vote and suggested that the Council continue talking. She stated that the City has a lot of young employees and to them, five years is a long time.

Councilmember Callies noted that this was not saying that they had to wait five years to get a raise and is just related to reclassifying job descriptions.

Mayor Labadie stated that she understands that but reiterated that Option #4 was more appealing to her.

Councilmember Sanschagrín explained that he was leaning towards Option #3 because he felt it gave the City more flexibility in how they operate but noted that he did not think there was a huge difference between the options. He explained what he meant when he used the term 'flexibility' in this context.

Dr. Melvin stated that what she is hearing the Council say is that they are all in agreement on creation of a policy that is either three years or five years. She stated that she believes what she is hearing is that if it is five years they can still change it and if they put it at three they do not have much flexibility. She stated that she heard the comment that it would allow them to have more flexibility in the future and handle it on a case by case basis.

Councilmember Maddy clarified that he would be okay with either Option #3 or Option #4, but thinks that Option #4 is better.

City Clerk/HR Director Thone noted that the suggestion made in the motion by Councilmember Callies will cost the same as Option #4 because they would be making an exception for that position.

Motion passed 3/1 (Maddy opposed).

City Clerk/HR Thone stated that she will redo the language in the proposed resolution and bring it back for Council action at the next meeting.

City Attorney Shepherd noted that he believes the Council could also make a motion to adopt the resolution with an amendment to include Option #3.

Councilmember Maddy asked if they would also add an implementation date to that also.

City Attorney Shepherd stated that the Council could add an implementation date.

Councilmember Maddy suggested that it be amended to include Option #3, the employee exception, and the implementation date of October 1, 2023.

Maddy moved, Sanschagrín seconded, to Adopt RESOLUTION NO. 23-095, "A Resolution Approving Shorewood Compensation Study Market Analysis and Pay Grid Calibration" with the following amendments: Add details that they have selected Option #3, the employee exception, as discussed, and the implementation date of October 1, 2023.

Motion passed.

9. STAFF AND COUNCIL REPORTS

A. Staff

Park and Recreation Director Crossfield stated that Oktoberfest that will be held on September 30, 2023 from 12:00 noon to 2:00 p.m. at Badger Park and 1:00 to 9:00 p.m. at the American Legion. She reviewed the activities that would be available at Badger Park.

Mayor Labadie asked Park and Recreation Director Crossfield to be sure that she communicates with social media, local media, and school systems in order to get the word out about all the activities that will be available.

Councilmember Maddy asked when people should show up and volunteer.

Park and Recreation Director Crossfield suggested that if anyone was interested in volunteering they just need to contact her and explained that she would send out details about two weeks prior to the event. She stated that this is the first time the City is holding this type of event so she did not have any ideas on what the turnout will be.

Public Works Director Morreim gave an update on the IPM plan and what treatments were taking place within the guidelines of the plan as well as potential future plans and potential additions to the work plan for managing thistle in the Minnetonka Country Club area.

Councilmember Sanschagrín asked if it was the City's responsibility to maintain the Country Club.

Public Works Director Morreim stated that the City was not responsible to maintain all of the Country Club, but just certain portions.

City Engineer Budde stated the Birch Bluff is making good progress and should have curb and gutter poured next week. He noted that the Freeman Park trail project will begin later this week. He stated that they will also be doing some crack and pavement sealing this week which had been approved at previous Council meetings. He stated that the Eureka Road Open House is scheduled for September 21, 2023. He noted that the Strawberry Lane project is about six weeks behind schedule and explained that he believed that the opening of Strawberry Lane will slip into October.

City Clerk/HR Director Thone stated that the City's annual Fall Shred event will be held on September 23, 2023 from 9:00 a.m. to 12:00 noon at City Hall.

Planning Director Darling stated that the Comprehensive Plan amendment is scheduled for full Met Council review on October 25, 2023. She noted that once it is adopted, the City will have to go back through and do rezoning to ensure that the Zoning Map and Zoning Ordinance were consistent with the densities approved within the Comprehensive Plan.

City Administrator Nevinski stated that he had reached out to MnDot to try to get some updates on the Highway 7 corridor study because they City has not heard much from them. He stated that the City will also be engaging with an architect to take a high level look at the Public Works building because they are running out of space. He explained that the purpose would be to get an idea of what may be possible and get rough costs so they can start to build it into future CIP plans. He

stated that he received information tonight that Greenwood will be having some changes with Mayor Kind stepping down and retiring at the end of the year and Greenwood Councilmember Cook would also be stepping down due to some health concerns.

B. Mayor and City Council

Councilmember Sanschagrín stated that tomorrow evening he will be sitting in for Councilmember Zerby at the Park Commission meeting.

Councilmember Maddy stated that the Fire District took delivery of a new fire boat this past spring and have been training with it all summer. He stated that he was able to take a ride on it and found it to be a very capable boat so there is a much improved water rescue option for the Fire District.

Councilmember Callies stated that she attended the Planning Commission meeting last week and gave an overview of what was discussed, as outlined in the meeting minutes.

Mayor Labadie stated that she attended the Minnesota Mayor's Association meeting in Fairbault and toured the Tri-Star company. She also held Coffee with the Mayor at Shorewood Landings where she brought along a detective as a guest speaker who presented on frauds and scams that are targeted at seniors. She noted that he is working with Park and Recreation Director Crossfield to possibly make this presentation available to the general public. She stated that school started on September 5, 2023 and noted that the SLMPD has received numerous e-mails praising them on their enforcement related to speed. She stated that she attended the pancake breakfast with Representative Dean Phillips and afterwards followed him to Maple Plain where there was a Vietnam Veteran's Memorial Dedication service. She stated that earlier today she attended the Regional Council of Mayors meeting where they talked about housing supply, demand, and affordability. She stated that later this week she would be representing Shorewood in Purham at another Minnesota Mayor's Association Meet-up and another the following day in St. Joseph.

10. ADJOURN

Maddy moved, Sanschagrín seconded, Adjourning the City Council Regular Meeting of September 11, 2023, at 9:11 P.M.

Motion passed.

ATTEST:



Sandie Thone, City Clerk


Jennifer Labadie, Mayor