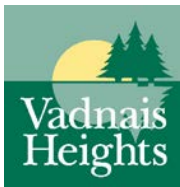


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The City of Vadnais Heights
 800 East County Road E
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Memorandum:

TO: Mayor Krachmer and City Council

FROM: Kevin Watson, City Administrator

DATE: February 21, 2023

SUBJECT: Recruitment and Retention Discussion

Background

Councilmember Rogers requested a discussion about 457 retirement matches. The purpose behind this conversation is to ensure the City of Vadnais Heights remains competitive in the workforce with regards to recruitment and retention.

457 Retirement Match

A 457 Retirement plan is a deferred compensation plan that allows employees of state and local governments to defer income taxation on retirement savings into the future. This is similar to a 401k retirement plan within the private sector. The IRS sets annual limits on how much can be contributed per year. One unique opportunity for the City Council to consider is a match for those staff that are considering retirement. Assisting our staff in funding their retirement is common within the public and private sector, however a small match is a nice incentive to not only retain current near-retiree's, but also recruit talent to Vadnais Heights that may bring their professional experience elsewhere without such a benefit. Given our current full time staff levels, the below numbers are the maximum impact to our operational budget.

match per pay period	cost per pay period	annual cost
1%	\$ 1,058.91	\$ 27,531.77
3%	\$ 3,176.74	\$ 82,595.32
5%	\$ 5,294.57	\$ 137,658.87
\$ 50.00	\$ 1,550.00	\$ 40,300.00
\$ 100.00	\$ 3,100.00	\$ 80,600.00
\$ 200.00	\$ 6,200.00	\$ 161,200.00

If we wanted to consider part time matches, the numbers would look like this.

1%	\$ 400.00	\$ 4,800.00
3%	\$ 1,200.00	\$ 14,400.00
5%	\$ 2,000.00	\$ 24,000.00
\$ 50.00	\$ 2,500.00	\$ 30,000.00
\$ 100.00	\$ 5,000.00	\$ 60,000.00
\$ 200.00	\$ 10,000.00	\$ 120,000.00

While these numbers are not insignificant, we are only talking a small percentage of the overall operational budget. The efficiency lost when we lose talented employees is significant as the time it takes to advertise vacancies, evaluate applicants, interview, hire, and train new staff is not an accelerated process by any means. It would be my hope, this additional benefit would attract talented people to our organization and keep those talented individuals working for the City of Vadnais Heights longer than they would have otherwise.

Phone Stipend

One area we should update is with cell phone stipends. Many cities provide cell phone stipends to staff that use their personal cell phone on a regular basis for city purposes. This includes phone calls, emails, social media, etc.. We do provide cell phones owned by the City to those staff that request it, however as we all know, an additional device, in circumstances that may fluidly arise after normal “work hours” may not be an adequate means of communication. In those instances where they use the phone for personal use, we ask for a repayment by the staff member. This can be a cumbersome process and it would much easier to provide a stipend and staff picks out their own phone, meaning a fully paid city-phone, or a set amount monthly reimbursed personal phone. The City has explored this in the past and believe \$75 per month for those staff that use their personal phones regularly for work are afforded the stipend. Then we could require any phone owned by the City not used for personal uses and those individuals would need to carry their own phone.

Vehicle Allowance

Another area for improvement is providing vehicle allowances for department heads that require significant travel for work in their personal vehicle. Currently we require staff to document their mileage and submit for reimbursement. I would suggest that this is too cumbersome for those staff members that drive their vehicles daily for city purposes around the community to check on projects. After discussion with other cities, I would recommend \$300 per month to department heads with significant use of their personal vehicle for work. This stipend is significantly lower than the cost to retain a City-owned vehicle (shared or otherwise) to accommodate these needs, not to mention the consideration of gasoline and general maintenance/insurance.

Summer Hours

I would suggest the City consider adjusting their weekly hours during the summer to account for the “Minnesota lifestyle” – from Memorial Day to Labor Day. The summer in Minnesota means the days are longer, construction business seems to start earlier, people are heading to the lake Thursday

evenings or Friday mornings, and we could be more efficient in adapting to those factors. Prior to COVID, the City was exploring the possibility for extended hours Monday thru Thursday with the addition of 30 minutes to regular operating hours, which would result in a half-day Friday for City staff. As an example, 7:30 am – 5:00 pm Monday thru Friday, and 7:30 am – 12:00 pm on Fridays. With the earlier start, we can accommodate our residents/customers before their work day begins and ends. There could be other schedule ideas as well. The City documented visitors for the month of June in the summer of 2019. It was observed that we averaged around 12-14 visitors for the Fridays of that month and the majority were in the morning. Anecdotally, this number has reduced significantly since COVID as we made noteworthy improvements to our online business offerings that allow people to sign up for recreation activities, apply for building permits, and more - all online. These new offerings have streamlined our business services and really reduced foot traffic in City Hall, particularly on Fridays. If City Council was supportive, I think an adjustment to our hours would be a benefit to our customers and our staff.

Staffing Additions

Lastly, adding capacity to our staffing levels frees up our current staff to do more, particularly our department heads. I believe if we add capacity to our department heads' individual operations, it frees them up to pursue more complicated/creative endeavors within the operation. Candidly, our department heads spend significant time facilitating simple tasks that a less costly employee could pursue. When these simple tasks are mixed in with complicated ones, it can take the focus off the bigger (more complex) tasks that have a heavier impact on the efficiency of overall operations. I have staff thinking of creative staffing models to free up their time to pursue more complicated projects. More to come on this issue as we jump into the budget discussion.

Conclusion

I believe any and all these opportunities would benefit our ability to retain and attract talented people to work for the City of Vadnais Heights. Talent moves our community forward and we need to offer all we can to be attractive in a competitive workforce.