

CITY OF DENTON CITY COUNCIL MINUTES

February 14, 2017

After determining that a quorum was present, the City Council convened in a Work Session on Tuesday, February 14, 2017 at 2:00 p.m. in the Council Work Session Room at City Hall.

PRESENT: Mayor Pro Tem Roden, Council Member Wazny, Council Member Briggs, Council Member Gregory, Council Member Bagheri, and Mayor Watts.

ABSENT: Council Member Hawkins.

1. Work Session Reports

A. ID 17-165 Receive a report, hold a discussion, and give staff direction regarding the Texas Municipal Retirement System and the Denton Firemen's Relief and Retirement Fund.

Bryan Langley, Assistant City Manager, stated that the City of Denton operated pension plans which were separate from any of the cities such as Dallas, Houston, Chicago, etc. He provided an overview of each plan and key management issues. The Texas Municipal Retirement System (TMRS) was created by the Texas Legislature in 1947. It was a multi-employer plan which provided benefits to over 870 cities across Texas. While management of the fund was combined, each city represented a separate plan independently determined by the City. He reviewed the number of employees and retirees. Cities were able to select from a menu of options available in the TMRS statute in order to design a pension benefit appropriate for their community. State law required employee contributions and cities to pay actuarially determined contributions. All eligible employees were required to participate in TMRS except most Fire personnel. For Denton, employees contributed 7% of their compensation into the plan and cities could select 5%, 6%, or 7% of earnings. The City contributed a matching percentage equivalent to 200% of the employee contribution and cities could select 100%, 150%, or 200%. Annual cost of living adjustments were provided to retirees at an amount equivalent to 70% of the CPI.

Langley continued that employees were vested with the plan after 5 years of service. Members could retire at age 60 and above with at least 5 years of service. Employees were eligible to retire after 20 years of service regardless of age. The TMRS benefit design in Denton was similar to most other major cities that participated in TMRS in the DFW region. City contribution rates increased from 13.14% in 2008 to 18.74% in 2013, but the contribution rate had fallen recently. The TMRS plan was expected to have gradual decreases in City contribution rates over time. In 2035, the normal cost contribution rate was expected to be approximately 10%.

Langley stated that TMRS was on the right path to pay off the liability by 2034. The investment return assumption was among the lowest rates of any large statewide plan across the country. With continued growth of the City, the contribution rate should drift lower over the next few years. With this change, a new relationship with the Denton Firemen's Relief and Retirement Fund should be explored.

Council Member Bagheri asked what the 1% contribution amount would be and what the scope of what the City could decide to do.

Langley stated that there were a number of different options the Council could choose. If this was a cost that the Council would like to look at reducing, there were several options.

Council Member Briggs questioned what happened if a lot of people retired at the same time.

Langley stated that it would not have a huge impact.

Anthony Mills, TMRS, stated eligibility to retire included options of vesting at five or ten years and years of service at 20 or 25.

Langley stated that the DFRRF was authorized by the Texas Local Fire Fighters' Retirement Act. It was created by the City of Denton in 1937. There were 176 active employees and 84 retirees or beneficiaries on the Denton plan which was a defined benefit plan. Employees were fully vested with the plan after 20 years of service with partial vesting after 10 years. Members could retire at age 50 and above with 20 years of service. Employees contributed 12.6% of their compensation into the plan. The City contributed the same rate as what was provided to TMRS.

Langley stated that in 2010 the City agreed in the Meet and Confer process to begin paying the same contribution rate to the DFRRF as that provided to TMRS. These increased contributions significantly improved the funding levels of the DFRRF. Due to the expected reduction in the TMRS rate over time, a new funding policy needed to be considered. The Meet and Confer agreement would need to be amended to do so.

Langley stated that with continued growth of the City, the contribution rate to TMRS was expected to drift lower over the next few years. While the plan was currently financially strong, viability of the plan would weaken over time unless a new funding methodology was adopted. Staff proposed that a new methodology be tied to specific actuarial criteria for the DFRRF rather than matching to TMRS. Examples of the criteria included amortization of unfunded liability, investment rate of return assumption, and funded ration. With this arrangement, the Fund would not increase benefits beyond the current level.

Public pensions continued to receive a great deal of media scrutiny, but most plans in Texas were appropriately funded. For Denton, both the TMRS and DFRRF plans were well funded and managed responsibly. Going forward, the funding ratio for the TMRS plan was expected to improve, and a financially sustainable funding mechanism was in place. While the DFRRF plan was financially strong, a funding policy which was separate and distinct from the TMRS plan needed to be developed.

B. ID 17-166 Receive a report, hold a discussion, and give staff direction regarding the vacation and sick leave benefits for City of Denton employees.

Carla Romine, Director of Human Resources, stated that the vacation and sick leave policies were approved by City Council. She reviewed the benefits for regular, full-time employees. Non-civil service employees received 10 hours of vacation. Many of the sick and vacation benefits were mandated by Chapter 143 of the Texas Local Government Code. Pay out upon termination was only allowed if the employee had completed six months of employment, had not

been terminated for gross misconduct, and had returned all City property on or before issuance of the employee's final paycheck.

Sick leave benefit for non-civil service employees was 8 hours per month. Some aspects of the City's vacation and/or sick leave benefits were better when compared to some cities and worse when compared to others. However, when looking at the combination of both vacation and sick benefits, Denton was competitive.

Council Member Bagheri asked who determined gross misconduct.

Romine stated that was the City Manager's determination.

Council Member Bagheri suggested that the City move into the average shown on the Chart Page 2 of 14. The policy for sick should be raised to the average also. She noted that when the City did the compensation study it would make benefits in line with area cities. Denton's advantage would be with salary over other cities.

Council Member Gregory questioned that above-average performance was expected but would only provide average benefits. He suggested looking at what the impact would be.

Mayor Pro Tem Roden questioned what benefits Council Member Bagheri was suggesting to cut.

Council Member Bagheri stated that on page 2 of the chart, using the average in the green area for accruing vacation time for non-civil service employees. On page 9 of the chart, bump up sick time to the average.

Mayor Pro Tem Roden questioned Council Member Bagheri what her goal was for vacation.

Council Member Bagheri replied it was to reduce the amount of banked vacation time.

Council Member Wazny questioned if a council committee should be formed to meet with the City Manager to take a more comprehensive look at the issue before deciding anything.

Council Member Bagheri suggested having the Audit/Finance Committee review the issue.

Mayor Watts stated that this wasn't a financial calculation and that vacation time shouldn't be perceived as a financial bonus. He agreed with the suggestion that the Audit/Finance Committee could review the issue.

Council Member Wazny felt that the City Manager and Director of Human Resources should be involved.

Mayor Pro Tem Roden stated that he did not see the problem and questioned what the issue was. He asked if there was a goal to identify.

Council Member Wazny noted that benefits were not looked at when the compensation study was done.

Consensus of Council was to form an ad hoc committee to look at the issue. The City Manager, Director of Human Resources along with Council Members Bagheri and Briggs would be on the committee.

C. ID 17-215 Receive a report, hold a discussion, and give staff direction regarding potential polling locations for the May 6, 2017 election.

Alison Ream, Administrative Services Manager, stated that Council had directed staff to look at additional polling locations in each council district. Staff had identified Pecan Creek Elementary School as a possible shared location but were still waiting to hear from the School District if the school could be used. Fire Station 7 and the South Branch Library would also be additional polling locations. Each district would be split by County precincts.

Council discussion included the following key points:

- Each additional location would add between \$5,000 and \$10,000 per location.
- The DISD did not want to consider sharing a location until they knew if they were having an election
- Each voting location would have designated County precincts associated with it
- Election information needed to be on the City's homepage
- These additional location were needed to accommodate voters
- Some precincts were not convenient for voters at certain locations
- Consider trying the extra locations for a year to see if it has any impact on voter turnout. If not, then it would be money wasted.
- Voters may be confused with the change in locations and unfamiliarity with new polling sites
- There would have to be a lot of voter education if this was to be done for the May election.
- Should the Committee on Citizen Engagement review the proposal or form a citizen committee to raise awareness of the new locations?

Consensus of the Council was to not add new polling locations at this time.

2. Concluding Items

- A. Under Section 551.042 of the Texas Open Meetings Act, respond to inquiries from the City Council or the public with specific factual information or recitation of policy, or accept a proposal to place the matter on the agenda for an upcoming meeting AND Under Section 551.0415 of the Texas Open Meetings Act, provide reports about items of community interest regarding which no action will be taken, to include: expressions of thanks, congratulations, or condolence; information regarding holiday schedules; an honorary or salutary recognition of a public official, public employee, or other citizen; a reminder about an upcoming event organized or sponsored by the governing body; information regarding a social, ceremonial, or community event organized or sponsored by an entity other than the governing body that was attended or is scheduled to be attended by a member of the governing body or an official or employee of the municipality; or an announcement involving an

imminent threat to the public health and safety of people in the municipality that has arisen after the posting of the agenda.

Council Member Gregory requested an update on the status of the sidewalk agreement with the County.

Council Member Wazny noted that June 1 was the effective date of the hands free ordinance. She suggested launching a marketing campaign to educate people. She also questioned if signs had been ordered.

Council Member Bagheri suggested targeting populations on social media with banner ads.

Mayor Watts requested a Work Session on the fire flow policy.

Following the completion of the Work Session, the City Council convened in a Closed Meeting at 5:10 p.m. to consider the specific items listed below under the Closed Meeting section of this agenda.

A. ID 17-212 Deliberations regarding Personnel Matters - Under Texas Government Code Section 551.074; and Consultation with Attorneys - Under Texas Government Code Section 551.071.

Review and discuss the evaluation and duties of the City Manager. The City Council also reserves the right to consult with the City's attorneys in a closed session under Texas Government Code Section 551.071 regarding legal issues associated with the above specified personnel matters involving the City Manager where public discussion associated with these legal matters would clearly conflict with the duty of the City's attorneys to the City of Denton and the Denton City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas.

With no further business, the meeting returned to Open Session at 6:00 p.m. and adjourned.

CHRIS WATTS
MAYOR
CITY OF DENTON, TEXAS

JANE RICHARDSON
ASSISTANT CITY SECRETARY
CITY OF DENTON, TEXAS