

STATE OF THE CITY: FACT CHECK

At the February 1, 2022 City Council meeting, a number of misleading and false claims were made about the state of the City of Webster Groves. This document is a statement of the facts in response to those claims.

The Claims:

“Suddenly we’ve gone from a City coveted for excellence to one in peril.”

FALSE

As indicated by the historic trend of revenues and expenditures, the City revenues have not kept pace with expenditures for some time. The City still maintains a healthy reserve fund. The City bond rating remains stellar. The budget discussions that impact staff are difficult, but transparency is needed for Residents, Staff, and Council to understand what has occurred and what is occurring. The City Manager’s responsibility is to assure that Council has the information needed to make data informed sustainable decisions. These hard but critical discussions demonstrate a city of excellence.

“We’ve lost so many experienced professional staff.”

MISLEADING

It is unclear which staff are considered “professional”. All employees are valued. The turnover rates are reflective of what they have been in historically even though the city has fewer employees than in previous years. We will soon see the turnover rates increase beyond previous rates for two specific reasons:

- Over 38% of city employees are aged 50+ and are beginning to retire. The City Manager has noted the age demographics from the start of her tenure and that the city must better position financially for upcoming retirement sick leave and vacation payouts that have historically been unfunded.
- As the Compensation and Classification report indicated, 41% of City employees are paid below-market rates. We have experienced hiring difficulties and turnover of new hires within the skilled trades. This will most likely continue as the City grapples with competitive wages.

“There is only one (1) experienced person in finance for a multi-million budget.”

FALSE

- City Manager Peoples has extensive finance experience and has managed large budgets upwards of \$100M. Assistant City Manager Peterson has helped to write and manage budgets for the State of Wisconsin (approx. \$33B annually), Milwaukee County, WI, and Coconino County, AZ before Webster Groves. The Finance Department also has experienced staff in both the Finance Manager and Accountant role.
- It is unfair to assert that staff are unfit for their jobs because they came from other organizations. Diversity of experience expands innovation and productivity instead of relying on "What we've always done".

“There are all new people in Human Resources.”

TRUE

We value our new WG professionals and welcome them to the team! We recognize in today’s market; employees are selecting us just as much as we are selecting them. Two employees staff the Human Resources department, both bring a wealth of HR experience.

STATE OF THE CITY: FACT CHECK (cont.):

[There is an] “Escalating exit of fire staff, lost 26 staff in last 10 months.” **FALSE**

The Fire Department turnover is in line or below the past years trend. Turnover with a maturing staff is to be expected and the rate of FD turnover is not out of line with expectations. Additionally, many staff reside some distance from Webster Groves and are choosing new employment closer to their residence.

YEAR	FIRE DEPARTMENT EMPLOYEES SEPARATED (For any reason)
2016	7
2017	7
2018	5
2019	2
2020	3
2021	4
2022 YTD	2

“The Sick Leave Payout Policy discussed and voted on by Council during the February 2, 2022, meeting was already enacted by the City Manager.” **FALSE**

The City Manager would not have an item placed on the Council agenda for vote/resolution if it had already been enacted. The Manager recognizes the difficulty of the conversation and worked to bring data and solutions to the discussion for consideration.

“Police and Fire do not receive social security.” **MISLEADING**

- Police personnel do not pay social security, but they receive a higher portion of investment in their retirement fund than non-public safety employees receive, as is true of police everywhere.
- Some fire department personnel pay into social security. All fire department personnel, except administrative and executive staff, receive a higher investment in their retirement fund than non-public safety employees receive.
- The changes to sick leave pay out was related to how accumulated sick leave was handled upon an employee's separation from the City and had nothing to do with retirement. The City's retirement funds for all employees are healthy and well-funded.

“Previous City budgets were balanced.” **MISLEADING**

- The City has maintained healthy reserves however, the general fund has relied upon transfers from other funds, including the reserve fund for many years which has created a structural deficit.
- In addition to the structural deficit, infrastructure priorities such as city roofs, HVAC systems, and technology investments have been deferred for years. Unfortunately, these expenses and the long-term effects of COVID-19 have compounded the difficult financial situation.

The City Manager has implied that past Council and the Mayor were “inept”. **FALSE**

- It is the City Manager's responsibility to bring forth financial information and other challenges the City may face. Like any difficult topic, we must understand the history of the finances to fully inform the situation and the how it has shaped the current situation. City Council has asked for solutions to be brought forth, which is what the City Manager and Staff have done and will continue to do.

STATE OF THE CITY: FACT CHECK (cont.):

“The City Manager has added many new highly paid positions.”

MISLEADING

- There have been two (2) new positions created within the last year. Both positions were planned and discussed before the City Manager’s hire in January 2021. The Council, including the Mayor, supported both positions.
- Permit Technician, Planning and Development: During the FY 2022 budget adoption, the Council voted 6 –1 to adopt the budget and approve this position. While the Mayor did not vote in support of the overall budget, she did voice support for this position and complemented Planning and Development for all the work they do. This salary is \$39,999.86 and was found to be under market per the Compensation and Classification study.
- Director of Public Affairs and Engagement: In a council work session on 02/02/2021 Council, including the Mayor, wholeheartedly supported the creation of the position further demonstrated by unanimously voting in favor of the position. This salary is \$91,799.97 and was found to be under market per the Compensation and Classification study.

“The Assistant City Manager was hired at an exorbitant salary and given a large relocation expense reimbursement.”

FALSE

- The Assistant City Manager was hired at a rate of \$125,000; the previous Assistant City Manager left Webster Groves making \$141,719.97. The Assistant City Manager received a relocation reimbursement in the amount of \$4,000, which is below customary rates and was reimbursed once expenses were submitted to the City Clerk.
- While the salary of the new Assistant City Manager is lower than the previous position holder, due to the needs of the City having altered, the current Assistant City Manager has been assigned a much larger portfolio of duties than the previous Assistant City Manager. Increased responsibilities include coordinating the work of the City Business Districts, the Business Development Commission, the TIF Commission, serving as the City’s representative to the Business & Economic Development community, processing special activity permits, and overseeing Public Affairs and Engagement.

“There have been many out of state persons hired with excessive relocation expenses.”

FALSE

- To date, aside from the Assistant City Manager, only the Human Resources Manager has received a relocation reimbursement, in the amount of \$2,000. The amount provided for the Human Resources relocation reimbursement was below customary rates and was reimbursed once expenses were submitted to the City Clerk.
- The insinuation that hiring staff from out of state is bad management directly conflicts with the inclusive and welcoming environment the City strives to create. The Diversity, Equity and Inclusion findings which are a direct reflection of staff and community input cite the need to expand recruitments and hiring practices. We must be inclusive. We cannot remain insular to new ideas and new people if we expect to thrive.

STATE OF THE CITY: FACT CHECK (cont.):**“The City engaged a costly recruitment firm to hire the Fire Chief.”****MISLEADING**

- The City Manager shared recruitment plans with the Mayor and Council before embarking on the recruitment. Aside from individual Mayor and Council updates, the hiring plan and process was shared publicly during Council work sessions. Much of the recruitment was conducted internally by the City Manager and Human Resources Manager. The City engaged in listening sessions with Fire Department staff, conducted a survey for Fire Department staff to learn specifically what they hoped to see in a new Fire Chief, the City also conducted a community survey to learn from residents. All of the aforementioned items were then used to create the Job Description. The recruitment firm received, screened, and conducted initial interviews with applicants. No members of Council, including the Mayor, voiced concerns over the process, cost, or suggested that the recruitment be conducted fully “in-house”.

“The City Manager spent unneeded money on a costly Forensic Consultant related to Fire Pay.”**MISLEADING**

- Upon determining there were financial errors spanning several fiscal years in the Fire Department payroll, the City Manager contracted with Rognan and Associates, an experienced accounting firm in fire department matters. Rognan and Associates provided a forensic financial analysis and accurate accounting of the payroll for every fire department staff member.
- The forensic analysis found that several firefighters had been overpaid and that 21 firefighters had been underpaid. At the core of the issue was the computation of the hourly pay rate from the established annual salary. For many years, as a matter of practice, the whole cost of scheduled work hours of the fire service was not included in this computation, thereby allowing annual salaries to exceed the salary ranges established by the City Council ordinance.
- While the findings were undesired, once the City Manager uncovers a financial irregularity, she is required to address and correct the issue.

“There have been four (4) costly grievances and four (4) costly arbitrations with the Fire Department.”**FALSE**

- Prior to June 2019 there was not a collective bargaining agreement (CBA) in place with the Fire Department Shop of I.A.F.F. Local 2665. The grievance process is the established manner to address disputes. Having a grievance is part of the process and does not reflect the inability of either party to collaborate.
- There have been three (3) grievances (Fire Pay, Military Leave, Sick Leave Bonus/Sick Time Payout).
- The Fire Pay grievance was settled and a joint press release with Local 2665 acknowledged the long-standing past errors in calculation violated the City’s ordinances.
- Sick Leave Bonus/Sick Time Payout is currently still a grievance but may move to arbitration.
- The Military Leave grievance was elevated to arbitration. The matter has completed arbitration and both parties are awaiting the arbitrator’s decision.

STATE OF THE CITY: FACT CHECK (cont.):

“The City Manager spent unneeded money on a costly Diversity, Equity, and Inclusion (DEI) Consultant.”

FALSE

- The City had engaged with BELOVED Community for DEI work in 2020 prior to the City Manager starting January 11, 2021. Upon the City Manager’s hire, she was charged with continuing the DEI work.
- Upon Beloved Community completing their work, and Council requested additional DEI work be done to include staff and community engagement (interviews, focus groups, surveys, training). As such, the City contracted with Hicks-Carter-Hicks, to conduct internal interviews with staff and internal and external focus groups, as well as surveys. The total cost was \$22,000.
- The Council, including the Mayor, have continually voiced full support to invest in DEI work.
- Organizations, public and private, large and small, are making investments to meaningfully explore DEI within their own walls and within the communities we serve. The City as an organization should be no different. While the City is a great place to live and work, the DEI results shared some hard truths about race, gender, and other differences that we cannot ignore. While it may gather attractive sound bites to describe as wasteful spending, DEI is an investment in employees and the community.

“The City Manager spent unneeded money on a costly American Rescue Plan Balancing Act tool.”

FALSE

- The Balancing Act Tool for budget engagement is an affordable tool for the City. The City is under contract for the service for \$2,400 annually for five years, which included training and technical support. This amount is paid out of existing budget capacity with no other reduction in service. Budget engagement with the public is a best practice in the budget process and Balancing Act only has added to the City’s potential for engagement. The City’s first Balancing Act simulation has resulted in 125 submissions to date in just over a month of being open.

“The City Manager spent unneeded funds on a costly Compensation and Classification study.”

FALSE

- On June 1, 2021 the Council, including the Mayor, voted unanimously in support of the Compensation and Classification study for \$29,950.
- It is customary for municipalities to have a third-party conduct a Compensation and Classification study. The City had never engaged in a full study, resulting in the unintended consequences of only 20% of City employees being female, 41% of the staff being paid below market, and potential pay disparities between white and black employees.

STATE OF THE CITY: FACT CHECK (cont.):

“There was wasteful spending on a Consultant to Rebrand the City.”

FALSE

- The City is currently undergoing a needed website refresh through our existing web company. This is done at no additional cost and is a part of the existing contract. The website refresh was originally planned pre-COVID but is just now getting underway. The update will allow the site to be more mobile-friendly.
- In the past, the City primarily communicated via print at a high cost for printing and postage. For example, \$25,000 was spent every year to mail and print one newsletter. The City has pivoted to focus more on electronic communications, which reaches more people, is environmentally sustainable, and more cost effective. To complete the transition, new electronic templates using the Brand Standards were required.
- Designers requested a “Brand Standards” document to help begin their work. Most organizations operate with established Brand Standards, which details an organization’s visual identity along with rules and guidelines for any public-facing communications. Brand Standards set forth rules for official logo use, font type and color, and typography. The City did not have one, thus, an agency was contracted with to create a brand standards document and to create several online templates. This project cost was \$6,750 total. The claim of rebranding would involve a new logo and tagline and can cost upwards of \$30,000. This was not done.
- Money spent on the Brand Standards came out of the existing \$25,000 newsletter budget and no additional funds were requested for this project. Money from this newsletter budget was also used for online newsletter software (\$1,200) that is currently used by the Police Department as well as City Hall and will also soon be used by the Parks & Recreation department.
- Creating these Brand Standards was outlined in the Communications Plan that the Public Affairs & Engagement Director presented to the Council on July 6, 2021 and the Council, and the Mayor voiced support for the work.

“The City Manager spent unneeded funds on costly technology equipment, temporary walls, movers, paint, and furniture.”

FALSE

- The Capital Improvement Plan contains \$50,000 of funding for the painting of City Hall 1st Floor, Office Moves to relocate Public Works to the Service Center and move offices within City Hall. This funding was originally approved by the Council in the FY21 CIP and then approved again by the Council in the FY22 CIP. With the moves, it was necessary and within budget to update the space and provide for secure access for the IT staff and their needs. Their former furniture was not designed for IT professionals. Other furniture that was broken (broken file drawers, splintered edges, and worn wood) was replaced with this authorized funding.
- The Council approved \$20,096 for Council Chambers Technology Upgrades in the FY2021 budget by vote of 6-1. These funds were in the Capital budget and expended in late FY2021 to complete the project.
- Technology updates to provide employees with the needed and necessary tools was authorized on April 2, 2021 when the Mayor and Council voted unanimously in support of Office 365 (Microsoft Outlook) for \$85,912, the purchase of eleven (11) iPad for \$12,364, and for fourteen (14) laptops totaling \$20,109.