



## Legislation Details (With Text)

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**Title:** A resolution approving the 4th amendment to the Employment Agreement for appointment of (Colorado Springs Utilities) Chief Executive Officer. (Councilmember - Jan Martin)

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Reso for Util CEO.pdf

Date	Ver.	Action By	Action	Result
4/8/2014	1	City Council	approved as amended	Pass

A resolution approving the 4<sup>th</sup> amendment to the Employment Agreement for appointment of (Colorado Springs Utilities) Chief Executive Officer. (Councilmember - Jan Martin)

**Summary:** Following the discussions and meetings occurring throughout February and March and concluding with the Executive Session on Monday, March 24, this agenda item presents the resolution.

**Previous Council Action:** Presentations and discussion by HR Staff and Council Members in the March 24 executive session related to the recommendations for amendments to the employment agreement.

**Background:** Following an extensive procurement process which included participation and advisement by Council Member, Merv Bennett and four HR Community Leaders, Milliman Consulting was selected to conduct a compensation study of the executive positions at Colorado Springs Utilities, as well as the City Auditor position as Utilities business comprises 65% of the work performed by that office. The consultant met with the Utilities' Personnel Committee to confirm the scope and methodology of the study prior to conducting market research. Periodic status updates were provided to the committee throughout the study and were subsequently provided to the Utilities Board by committee chair, Jan Martin. The consultant, Greg McNutt, presented the results of the study to the committee in November. After a review of the results and additional discussion, the consultant attended a personnel committee via conference call and presented the results to the HR Community Leaders who reviewed the conclusions and confirmed the methodology as appropriate and consistent with compensation best practices. The consultant returned the following week and presented this information in an expanded personnel committee meeting to include Utilities Board members.

The consultant noted the following conclusions in his presentation, specific to the Chief Executive Officer:

- The base salary earned by the current CEO is 38% below the 50<sup>th</sup> percentile of market
- The total cash compensation earned in 2013 is 46% below the 50<sup>th</sup> percentile of market
- The current compensation is not competitive or aligned to the Utilities Board's stated compensation philosophy

A resolution to amend the CEO contract was not passed on February 25, 2014. This resolution is proposed after continued discussion and consideration of alternatives.

**Financial Implications:** The proposed recommendations do not present additional expense above the approved 2014 budget

**Board/Commission Recommendation:** N/A

**Stakeholder process:** N/A

**Alternative:** Retain the current employment agreement, which would include continued short and long term incentives and a compensation package which is significantly below market.

**Recommendation:** Pass the resolution

**Proposed Motion:** Move to approve the Resolution approving the 4<sup>th</sup> amendment to the Employment Agreement for appointment of (Colorado Springs Utilities) Chief Executive Officer