

**MINUTES**  
**Personnel Committee**  
**Colorado Springs Utilities Board**  
**April 15, 2022**

**Committee present via Microsoft Teams or Rosemont Conference Room:** Committee Chair Yolanda Avila, Randy Helms, Tom Strand and Wayne Williams

**Board members present via Microsoft Teams or Rosemont Conference Room:** Nancy Henjum

**Staff members present via Microsoft Teams or Rosemont Conference Room:** Renee Adams, Natalie Watts, Heather Harvey, Tara Russell, Christian Nelson and Andie Buhl

**City of Colorado Springs staff present via Microsoft Teams or Rosemont Conference Room:** Bethany Burgess

**Citizens and guests present via Microsoft Teams or Rosemont Conference Room:** Mike Verdoorn, Ken Wexler, Sam Masias, Pam Zubeck and Mary Shinn

**1. Call to Order and Welcome**

Chair Yolanda Avila called the meeting to order at 9:59 a.m. Ms. Renee Adams, Human Resources General Manager, read a statement regarding the Colorado Open Meetings Law and City Charter and stated that public comment would not be a part of the meeting.

**2. Review of Minutes**

The March 11, 2022 Personnel Committee minutes were approved for posting.

**3. CEO Executive Compensation and Benefits Study**

Mike Verdoorn, Gallagher Managing Principal Consultant - Compensation Division, explained how Springs Utilities collaborated with Gallagher Benefit Services, Inc. (Gallagher) to conduct the Executive Compensation and Benefits Study for Officer and General Manager positions. Gallagher's final report delivered to the Personnel Committee focused only on compensation and benefits for the Chief Executive Officer position. He said objectives of the study included:

- Reviewing and confirming labor markets, survey sources and benchmark jobs;
- Developing a custom survey form to collect market data from comparable organizations;
- Analyzing data to determine market competitiveness of Colorado Springs Utilities' base CEO salary compensation and benefits packages;
- Recommending salary adjustment options and benefits changes;
- Recommending compensation guidelines for Colorado Springs Utilities to facilitate system maintenance.

- Compliance with the Board policy to develop and communicate compensation plans reflective of the geographic and professional labor market for the Chief Executive Officer.

Mr. Verdoorn explained the data collection methodology for this study which included the identification of comparator organizations and job matching, published survey sources, outlier analysis, aging salary data and geographic adjustments. He reviewed the market comparison and discussed the comparison to all markets, breaking down the data into the custom survey data and published data, providing a detailed breakdown at the Market 25<sup>th</sup>, 50<sup>th</sup>, 60<sup>th</sup> and 75<sup>th</sup> percentiles.

Mr. Verdoorn presented four potential options:

1. Similar to the philosophies for staff and executive positions, target the 60<sup>th</sup> percentile and move the pay of the CEO to be competitive at that level, and the resulting salary would be \$608,961.
2. Following the same Springs Utilities salary structure movement for all staff positions in 2019, 2020, 2021 and 2022, the resulting salary would be \$524,987.
3. Move the current pay by the merit budget that was provided to all employees in 2019, 2020, 2021 and 2022, resulting in a salary of \$525,453.
4. Use the market 50<sup>th</sup> percentile of market actual pay (\$493,537) as the new market target, adjust pay based on various factors.

Mr. Verdoorn concluded with recommendations and next steps, which included:

- Targeting the Combined Tier 1 market data 50<sup>th</sup> percentile of \$493,537.
- Target compa-ratio range of 0.95 to 1.05\* for CEO actual pay, resulting in a target range of \$468,860 to \$518,213.
  - While this range does encompass the current pay of \$480,002, Gallagher recommends a pay increase based on recent years of no adjustment and following market trends.
  - The Board should consider both the market rate identified along with organizational and individual performance evaluations to determine pay adjustment.
- Gallagher recommends updating the comparison on an annual basis by aging the custom data and collecting new published survey data to compare with market trends to determine annual pay adjustment.
- Conduct similar compensation study (with custom survey) every two to three years to make sure the salary ranges, and actual pay remain competitive.

Ms. Adams explained the process for changing CEO Aram Benyamin's salary based on the Governance Policy. Committee Member Wayne Williams said the Personnel Committee will create a recommendation and then vote during a Utilities Board meeting. There was discussion that several Personnel Committee members were not able to attend the May meeting and the Committee expressed a desire for all

committee members to be present for the conversation on CEO compensation and benefits.

Mr. Ken Wexler, Gallagher Senior Vice President – Benefits Consultant, provided an executive summary of executive benefits and perquisites, and said Springs Utilities is consistent with the majority of survey respondents in their approach to offering benefits. However, Mr. Wexler said there are areas of opportunities to explore including retiree medical insurance (which most public employers are eliminating), executive physical exams and company-paid key person life insurance.

Mr. Wexler said as a public entity beholden to various stakeholders, Colorado Springs Utilities would need to consider if such offerings would fit within corporate culture, budget and in keeping with broader market trends. He said there are also compliance considerations for offering both executive physicals and key person life insurance for highly compensated individuals.

**4. Workforce Planning Strategic Initiative Update: Human Resources Integrated Plan (HRIP)**

Ms. Heather Harvey, Human Resources Manager, gave an update about the Human Resources Integrated Plan (HRIP). She said this plan is designed to help with succession planning and identify high-risk areas within the organization. She said overall, Springs Utilities is trying to measure high risk/high impact within the organization. She said high risk is how likely staff is to leave the organization while high impact is how likely staff leaving will disrupt the organization. Ms. Harvey said the next iteration of data will be ready in June 2022.

**5. Plan Future Agenda**

Ms. Adams reviewed discussion topics for next month's Personnel Committee meeting.

**6. Adjournment**

The meeting adjourned at 11:32 a.m.

**Next Meeting:** Friday, May 13, 2022