

THE FLOWER MOUND TOWN COUNCIL WORK SESSION MEETING HELD ON THE 21ST DAY OF MARCH, 2013, IN THE FLOWER MOUND TOWN HALL, LOCATED AT 2121 CROSS TIMBERS ROAD IN THE TOWN OF FLOWER MOUND, COUNTY OF DENTON, TEXAS AT 6:00 P.M.

The Town Council met in a work session with the following members present:

Tom Hayden	Mayor
Kendra Stephenson	Mayor Pro Tem
Mark Wise	Deputy Mayor Pro Tem
Bryan Webb	Councilmember Place 2
Steve Dixon	Councilmember Place 4
Jean Levenick	Councilmember Place 5

constituting a quorum with the following members of the Town Staff participating:

Theresa Scott	Town Secretary
Jimmy Stathatos	Town Manager
Debra Wallace	Assistant Town Manager/CFO

A. CALL WORK SESSION TO ORDER

Mayor Hayden called the work session to order at 6:03 p.m.

B. INVOCATION

Councilmember Webb gave the invocation.

C. PLEDGE OF ALLEGIANCE TO THE AMERICAN FLAG AND THE TEXAS FLAG

Mayor Hayden led the pledges.

D. WORK SESSION ITEM

1. Presentation and Discussion of the 2012 Employee Survey.

Tom Miller, National Research Center, 2955 Valment Rd, Ste 300, Boulder, Colorado

Mr. Miller gave a report on the results of the 2012 employee survey, noting the survey was distributed in late November/early December of 2012, and the survey closed in mid-December.

Hayden: What percentage of employees completed the survey?

Miller: About 54%. Every employee was eligible. 307 completed the survey.

Hayden: What is an average response rate in the communities you do?

Miller: They vary from the 30 – 65% so this is in the middle.

His presentation is as follows:

The National Employee Survey™ Workshop Presentation Materials

**Town of Flower Mound
2013 Employee Survey**



Survey Background

- Second survey
- NRC independent research firm
- The NES

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The NES™ Methods and Goals

Survey Objectives

- Assess organizational strengths
- Identify organizational challenges
- Articulate the specific needs of employees

Survey Methods

- Web survey of employees
- All 564 employees eligible
- 337 completed surveys
- Response rate 54%

Survey Goals

Immediate

- Increased job satisfaction
- Increased engagement
- Increased productivity and performance

Long-term

- Improved quality of local services
- Improved community life

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Topics Covered in the Survey

Job Satisfaction

Resources and Compensation

Wages and Benefits

Supervision and Support

Supervisor Relationship

Performance Evaluation

Employee Development

Organizational Climate

Communication and Decision-making

Respect and Ethics

Physical Work Environment

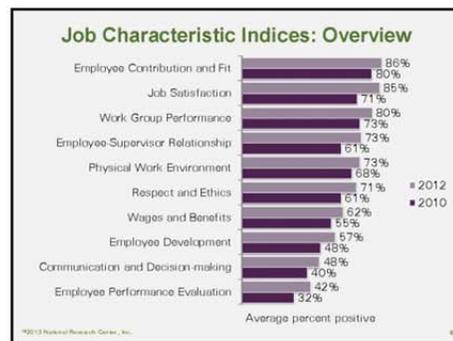
Performance

Employee Contribution and Fit

Work Group Performance

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What did we learn?



The National Employee Survey™ Workshop Presentation Materials

Job Characteristic Indices Benchmarks

	Town of Flower Mound Rating	Comparison to benchmark
Employee Contribution and Fit Index	86%	Similar
Job Satisfaction Index	85%	Similar
Work Group Performance Index	80%	Above
Physical Work Environment Index	73%	Similar
Employee-Supervisor Relationship Index	73%	Above
Respect and Ethics Index	71%	Similar
Wages and Benefits Index	62%	Below
Employee Development Index	57%	Similar
Communication and Decision-making Index	48%	Similar
Employee Performance Evaluation Index	42%	Similar

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Job Satisfaction

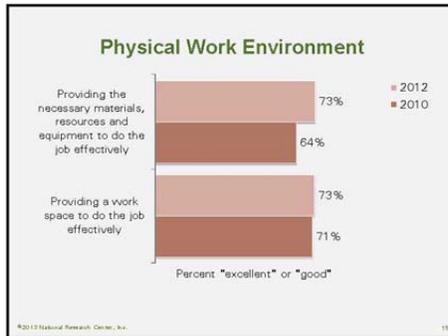
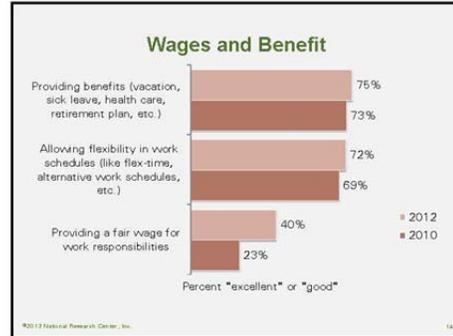


Organizational Climate



The National Employee Survey™ Workshop Presentation Materials

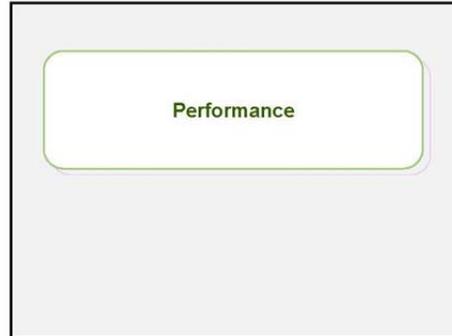
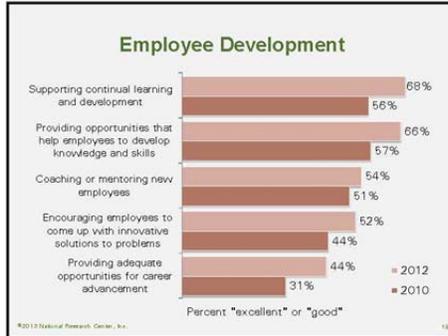
Resources and Compensation



Supervision and Support



The National Employee Survey™ Workshop Presentation Materials



The National Employee Survey™ Workshop Presentation Materials

Steps Taken Based on The NES™ 2010 Results

- Submitting questions prior to Town Manager meetings
- "Kudos" includes employee recognition
- Budget transparency at Town Manager meetings
- Training assessment survey
- Communication about approved compensation packages
- Intranet suggestion box expanded for employee feedback
- Supervisor training

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Where do we go in 2013?

Review and Focus

Change in Index Scores Over Time

	Percent change from 2010 to 2012
Job Satisfaction	14%
Employee-Supervisor Relationship	12%
Employee Performance Evaluation	10%
Respect and Ethics	10%
Employee Development	9%
Communication and Decision-making	8%
Work Group Performance	7%
Wages and Benefits	7%
Employee Contribution and Fit	6%
Physical Work Environment	5%

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Comparison to Benchmarks

Above the benchmark	Below the benchmark
<ul style="list-style-type: none"> • Discipline is fair • Respects • Motivates performance improvement • Employee decisions about work • Communicates expectations • Quality of working relationships between groups • Promoting positive relationships • Demonstrates skills • Overall quality of work • Motivates good work • Cares 	<ul style="list-style-type: none"> • Fair wages • Employee contribution

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Lowest Rated Characteristics

- Rewarding high performing employees (27%)
- Linking pay to performance (29%)
- Dealing with low performing employees (30%)
- Organization welcoming employee involvement in decision-making (38%)



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Focusing with KDA

- Key Driver Analysis (KDA)
 - Cornerstone of customer satisfaction research in the private sector
 - Tells what characteristics best predict employee overall satisfaction
 - Focuses managers and staff on areas that could result in greatest improvement in employee satisfaction

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The National Employee Survey™ Workshop Presentation Materials

Key Drivers of Town of Flower Mound Employee Satisfaction		
Job Characteristic Index	Benchmark comparison	Compared to 2010
Wages and Benefits	Below	↑
Employee Contribution and Fit	Similar	↑

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Council Discussion:

Stephenson: What was the time frame for the 2010 survey?

Miller: It was roughly the same time frame – November to December.

Stephenson: Would you expect to see improvements like this if the employees disapproved of the changes we were making in the organization at this point in time?

Miller: I wouldn't expect to see this magnitude of improvement if they did approve of the changes you made. That is, these are large numbers even if they really liked the improvements you made, so if they didn't like the improvements you made, it would be very unlikely they would be this large.

Stephenson: When you consider the timing of this, it's somewhat shocking. Normally when I've looked at surveys like this when you have major changes in the organization, whether good or bad, it normally drives these scores down. Is that your experience?

Miller: We rarely have the opportunity to be right at the cusp as we were here. This is pretty unique for us. But from just my own suspicion it supports yours as well in that when there is a state of uncertainty people are more concerned. I would say that it would be hard to explain all of these ratings going up exclusively on one or two things, except that in this case I know these were big things, so it's possible that it colored everyone's perspective about everything.

Stephenson: I noticed there was a lot of improvement based on people's performance evaluations. When do we do performance evaluations in the organization?

Stathatos: Throughout the year on anniversary dates.

Miller: One of the issues with regard to performance evaluations in local government, typically the amount of money to be distributed for meritorious employees is so small, even those that receive merit pay aren't getting very much. And then on the other side for those who aren't quite doing as great a job as they could, there is concern from other folks that they are still working and not pulling their weight and that can cause some resentment.

Webb: As you went through this and you gave us the top level view, you mentioned having done cross tabs at various segments, and I'm assuming you've got cross tabs done at the department head level, correct?

Miller: Department levels.

Webb: And those have been shared with the Town Manager and his team. Is there information available to help the Town Manager address areas where we are below benchmark, or areas where even if we are above benchmark we see an opportunity in that 30% is just a lousy number and I'm not happy there, even if we are 10% above benchmark?

Miller: That's a good way to think about these numbers because there is no magic about the benchmarks. Every department or community can set their own goals for what they think is too low a number. Those cross tabs have some useful information because you can see the employees in the various departments have different perspectives about each of these questions.

Webb: Having been on both sides of employee surveys, if you don't get any feedback from them, and if the feedback isn't followed up with some kind of action, its wasted time and effort.

Miller: That was talked about with the executive team and what action, along with next steps would follow.

Dixon: It's gratifying to hear that this report is showing significant increases across the board. Upon first receiving this I have been giving a lot of thought to what were the main drivers for these results. I recall a conversation I had with a couple employees about 3 - 4 months ago and I was basically relaying some of the experiences I had in working in corporate America. At the end of the year corporations would put out a compensation sheet, which outlined everything you are receiving in the way of compensation and benefits from the organization. The employee pointed out that we started receiving these a couple years ago. I asked how many years ago had you started receiving these. The response was I believe two years prior, so this might be the third year. In looking at the 2010 time frame I am wondering if that information flow to the employees helped better educate them on the value that they are receiving as far as benefits. I think it's important for staff to continue to be pushing that information out. He stated being aware that with regard to compensation and our comparison cities, we do fall at the mid-way point and as

Council looks at the budget that is one thing we will be doing in trying to increase compensation for our employees but we're still in tight economic times and have been for several years. What is your takeaway when you see these numbers since they are higher than what you normally see?

Miller: My first thought was a feeling of being surprised, because this magnitude of change, not just for one dimension, but every dimension, and for almost every question. This is not something we typically see. It's hard to move things forward without doing something dramatic. We have been, from a distance, trying to understand what some of those dramatic things might be, such as compensation, benefits, and the fact that this is the first time in a while the Town had the ability to give some type increment in pay to the employees. And for whatever reason, perhaps the change in leadership.

Dixon: Have you ever had any experience where you are working with a survey in a municipality and they gave a significant comp increase to their employees, and if so, what were the results from the survey?

Miller: Generally speaking, a significant dollar amount does not have a halo effect on everything. Research is clear that the things that make them happy with their jobs tends not to be mostly the dollars they are getting. It's more about support, work groups, and connections to other folks, or whether they are getting recognition or not.

Hayden: When we were looking at hiring a new Town Manager and some of the aspects of Roanoke, one of the things I've noticed is that it was surprising for the size town it was the compensation levels for similar employees in Roanoke. He asked Mr. Stathatos if there is a substantial difference in compensation from the employees in Roanoke versus Flower Mound and is it universal between all employees?

Stathatos: It's not substantial but I think it's enough to make people change jobs. My personal philosophy is it's a lot less expensive to retain an employee than recruit one.

Hayden: What did you do in Roanoke that allowed you to have the higher wages? Our goal has always been how can we get to 50%, which seems like we are targeting too low.

Stathatos: He gave the example of a fire fighter and if we have historically said we are going to pay you average. What people don't realize is once that fire fighter leaves you have to either pay overtime to other staff to cover or you have to recruit and retrain. So if we're going to be paying money toward the recruitment process why don't we incentivize that employee to not always be thinking about looking for another job while they are there. It's always been one of my priorities going into the budget process to invest in the staff because as Tom said, if our staff is happy I think the residents will be happy.

Hayden: So for compensation and retention is that one of the top three, top five things?

Stathatos: I think when employees come to work each day they want to be happy when they get out of their car. They want to be happy at work. Even before Roanoke was in a position to be able to invest as well in the employees as they did when I left, we always made it where no one dreaded to come to work. So I think that is the number one priority. Number two is compensation and benefits, and they go hand in hand. One of the things we're looking at now as we do some of the operations analysis is to address if we adequately staffed. If we have a position that has been open for six months and efficiency hasn't dropped off, why not eliminate that position, compensate the employees that picked up the slack, and save the rest for the Town. Those are some of the processes we are going through.

Hayden: I remember hearing the statistic that for a 1% pay increase it was approximately \$275,000. What do we need to do as a Town to get to 50%? What can we do to improve compensation?

Stathatos: I think part of it is to continue evaluating the current workforce to make sure that we're operating efficiently and very lean. I think with the reorg we recently did that saved a minimum of \$150,000, and we're not finished looking at making recommendations so that's going to be key. Because in order for staff to come to Council with any type of merit increase or anything I want to be able to look you all in the eye and say we've cut everything we could to be efficient, not to regress in terms of morale. That's going to be the number one key – to look at how we do business. Look at how we're constructing projects, and see what savings we can derive.

Hayden: What about revenue expansion?

Stathatos: Yes, we need to look at growing the tax base as well – that's a given. One of the keys we like to push is attract the business but not sacrifice quantity for quality.

Dixon: I want to be clear we are not talking about revenue expansion as an earmark for higher taxes. That is not code for a tax increase. One of the things Mr. Miller said was with regard to a pool of money for merit increases for an employee hitting it out the park, that's something I would like staff to be thinking about. Find a way to fund that source of money to be able to offer merit increases for the people who are really hitting it out of the ballpark to do their job for the citizens. Because I equally believe what you previously said that if we have happy employees that don't cringe when they get out of the car to come to work, they service the residents of Flower Mound much more efficiently and the residents see it and appreciate it.

Hayden: Is there the opportunity to give one time bonuses in a government environment?

Stathatos: Legally, any compensation has to be budgeted, so it has to be something outlined in the budget. For example, we do longevity.

Hayden: Can we budget a bonus pool of money with the discretion for the Town Manager to allocate at the end of the year for people that he thinks have gone above and beyond the call of duty?

Stathatos: Yes, we can. To touch on something Councilmember Dixon stated earlier with regard to economic development, it's important to look at increasing revenue sources because in talking about Roanoke, for example, one of the things that extra development brought is that the city was able to implement a homestead exemption for the residents. I definitely don't want to raise the bar, but I just think those extra revenue sources are important. I don't want everyone to think that those extra revenue sources are just to help Town employees. There's a lot of benefit for the residents as well, and probably more so.

Hayden: With regard to surveys, we should probably do that more frequently, in terms of what our residents would like to see here. In addition, we should do that for park amenities to determine what the priority is because we have a limited budget and lots of wants.

Webb: I noticed in the packet we have a breakdown by tenure and this is showing that half of the respondents were on the job with the Town for 5 years or less. That strikes me as a high proportion. Is it?

Miller: I thought it was too, and it was the same proportion in 2010.

Webb: So essentially we're turning folks just as we've invested in the training, and everything else, and where they should be hitting their stride we're saying goodbye. Is that a fair take away?

Miller: I don't know enough about how the system works here to say that is what is happening. There is that danger that people aren't staying long after they have been trained that you are losing an opportunity and a resource.

Webb: My experience has been, you bring a new employee on, and for the first year you are lucky if you are getting 2/3's value, so the rest of it is essentially, in terms of training and the expense so forth. So if we can improve retention for those folks we save money and have additional resources to spend elsewhere.

Stephenson: Asked Mr. Stathatos and Ms. Wallace if they are seeing that we have a turnover rate that is higher than you would expect to see.

Wallace: I've only been here three weeks, but just from what I have seen, even before I got here, it seemed like they are leaving. She gave the example of how some of the Flower Mound people were hired in Roanoke.

Stephenson: Is there the possibility to reach out to some of the people that have left in the last 6 – 12 months to identify what the issues were that caused them to leave. Perhaps that would give staff a good road map as to what needs to be fixed.

Stathatos: Absolutely. Part of the issue I think is.... I want to be realistic with our resources....but shooting for 50% is problematic because it's mediocre by definition. I do think we are training ground by a lot of other communities. We train them, do tuition reimbursement, and then some other Town benefits from our investment, in a lot of cases.

Hayden: With any department more specifically? Public safety?

Stathatos: Based on the very preliminary feedback I have gotten so far it is in the police department. I have talked to a lot of the employees that left because we hired some of them before I left. Some of the reasons they left were outlined in the 2010 survey results.

Hayden: As I think about paying a higher wage, I think about where that money is coming from – it's sales tax revenue.

Stathatos: People sometimes don't realize that for every nice casual dining restaurant we attract, we're talking \$70,000 - \$90,000, in addition to it being another amenity for residents to enjoy. And Roanoke also has the 20% homestead exemption so the net impact is a little bit lower, so it's more like 30 cents. That was implemented once some of the economic development strategies started to come to fruition. That's important because I don't want you all to think we're aggressively courting nice restaurants and retailers just to give ourselves raises. That's not the goal.

Dixon: So Flower Mound has a \$100,000 exemption for seniors. Did Roanoke have an exemption for seniors also?

Stathatos: Yes, and for Veterans, and for disabled residents.

Dixon: Let's look into that and let's also focus on the pool for the budget.

Hayden: When you look at the survey, what else do we need to improve upon? What should Jimmy and Debra concentrate on based on what you found in the survey?

Miller: The decision about where to concentrate really does reside with staff and it would be presumptuous on my part to tell you where to concentrate because all I know is the results of this survey and not the context in which this survey was done and all the other things that make a big difference here like budget, personnel, and history. That said, I think communication is always a difficult area for every organization. There were a few ratings here about communication that was below the benchmark and it's among the lowest rated index. Also, the wage and benefit issue. Having said that, I wanted to comment on Councilmember Dixon's point that you are shooting for being in the middle, and even if you are in the middle, that doesn't mean that your employees will give a middling rating. That is why you can still get lower ratings, and it goes to your point about communication. When this was talked about with the senior staff this was a focal area in relation to getting the word out with respect to what is happening with the vision of the organization, and the impact that individual people can have on the quality of work here. So a communication piece would be the next major thing that could be helpful.

Levenick: I think it's really encouraging to have a result of "overall I'm satisfied with my job" going from 70% to 90%, and an overall "I feel positive about working for the Town" going from 64% to 80%. What we need to focus on is making sure that the people that have given us the responses that brought it up to 80% and 90%, we continue to keep it so the next time we have a survey we still get those same kind of numbers. But the other thing I would suggest is, now that we have new leadership (Town Manager), instead of waiting two years to do another employee survey, possibly we could do another one in just a year so we can get a better benchmark about that.

Hayden: Asked Mr. Miller how often do other Town's do their surveys?

Miller: Every year or every two years. Generally, when you have a change in management like this that really might be a time to do it. We really don't recommend doing it more often so you can have the time to take the results and do something with them. In the way of a recommendation, it would be more about process than a specific direction, and that is communicating to the employees what these results are and getting a reaction from them about what it means and how to make sure that the good numbers stay good and the lower numbers get better.

Mayor Hayden and Councilmember Dixon agreed that there needs to be that communication about the survey with the staff.

Dixon: One of the things I would like you to consider doing with the employees is to provide a state of the Town, focused on this, and it can bleed into areas as well. Set tangible goals, communicate the goals, and then map a strategy to get there. Because Jean is right when she says the next time we do this I want us to have the same increases and the only way we set ourselves up to get the increases is to do things now to build on this. So you all need to have your thinking caps on. We're here to support you in these efforts.

Hayden: Going back to the wages and benefits, is it good to take this list of 15 towns and say, okay, we're going to try and get to this certain point. Is that a good way to set compensation?

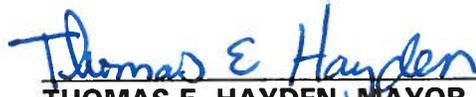
Stathatos: I think it's a good way because we have to establish the market. We don't want to overpay for any position. We want people to think twice about leaving but we don't want to pay salaries that we can't apply to empirical data.

Hayden: Maybe we need to reevaluate that where we move up from 50% to 65%, but that is for staff to look at the budget to see if we can get there.

E. ADJOURN WORK SESSION

Mayor Hayden adjourned the work session at 7:08 p.m. on Thursday, March 21, 2013, and all were in favor.

TOWN OF FLOWER MOUND, TEXAS



THOMAS E. HAYDEN, MAYOR

ATTEST:



THERESA SCOTT, TOWN SECRETARY