



Legislation Text

File #: 2023-0715, Version: 1

Report to Mayor and City Council

Tuesday, October 03, 2023

Consent

SUBJECT:

CONSIDER APPROVAL OF RETROACTIVE PAYMENTS TO CITY EMPLOYEES FOR CORRECTIVE SALARY WAGES (JUNE 25, 2021 - JUNE 22, 2023) AND WAIVER OF REPAYMENT FOR OVERPAYMENTS TO CITY EMPLOYEES DURING THE SAME PERIOD.

I. SUMMARY

After conducting a thorough analysis of our payroll structure, we uncovered discrepancies in city employee salaries stemming from data entry errors and inaccuracies in hourly staff rates. We have taken corrective action to rectify these errors and implemented measures to prevent future miscalculations.

We are pleased to report that the unions have agreed to retroactively adjust pay for city employees from June 25, 2021 through June 22, 2023. Moving forward, the Human Resources department will diligently present hourly salary tables to the City Council for approval to ensure accuracy and alignment with our financial system's requirements.

Budget Resolution 23-156 has been proposed to facilitate proper payout for city employees who experienced wage losses and to address any overpayments that occurred. This resolution reflects our commitment to fair compensation and financial integrity within our organization.

II. RECOMMENDATION

1. APPROVE retroactive corrective salary wages of \$189,984.30 and waive repayment of overpayments of \$2,397.80 for city employees from June 25, 2021 through June 22, 2023.

2. APPROVE Budget Resolution No. 23-156, A RESOLUTION OF THE CITY OF

CARSON CITY COUNCIL AMENDING THE FISCAL YEAR 2023-2024 BUDGET IN
THE GENERAL FUND.

III. ALTERNATIVES

Take another action the City Council deems appropriate.

IV. BACKGROUND

Historically, the City Council has received monthly salary tables for approval. However, our financial system requires hourly salary tables. This required a subsequent conversion of previously approved monthly salary tables into hourly ones. Unfortunately, these conversions were not consistently accurate, resulting in disparities such as inconsistent step increases across various job classifications and underpayments/overpayments in some classifications.

Over the past few months, the City's Payroll team has been diligently addressing salary discrepancies among city employees. These discrepancies originated in our previous financial system, iFAS, and have persisted into our current ERP, Munis. The root cause of the discrepancies is data entry errors and inaccuracies in staff hourly rates.

We are pleased to announce that we have reached an agreement with the Union for retroactive pay to correct underpayments, effective from June 25, 2021 through June 22, 2023, in the amount of \$189,984.30. Staff are requesting City Council's approval to waive repayment for overpayments in the amount of \$2,397.80. Based on the small amount of overpayments, pursuing further administrative or legal action to correct said overpayments would require the City to expend more than that amount in resources, time, and fees, so a waiver is being sought. Once these corrective payments are made, the compensation issue will be resolved, and no further action will be necessary.

Corrective Actions

As part of our corrective actions, the Human Resources department will now present hourly salary tables to the City Council for approval, ensuring precision and compliance with our financial system's requirements. Furthermore, we have initiated an ongoing "position control audit" in collaboration with Baker Tilly. This audit aims to strengthen our internal controls and establish enhanced policies and procedures within our Finance and HR departments. We anticipate presenting the audit's findings and recommendations to the

City Council by the end of this year.

V. FISCAL IMPACT

If approved, this recommendation will require a transfer of \$189,984.30 from the general fund reserve (fund balance) to cover retroactive salary payments to city employees.**VI. EXHIBITS**

1.Budget Resolution 23-156 (pg. 4-11)

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