

## Joint Greenville City Council/Greenville Utilities Commission Board of Commissioners Meeting

Monday, April 24, 2017  
5:00 p.m.  
Greenville Utilities Board Room  
401 South Greene Street

1. Call Meeting to Order: Mayor Thomas  
Call Meeting to Order: Chairman Mills
2. Approval of Agenda: City Council  
Approval of Agenda: Greenville Utilities Commission
  - Public Comment Period – For issues that are germane to both the City Council and Greenville Utilities Commission Board

The Public Comment Period is a period reserved for comments by the public. Items that were or are scheduled to be the subject of public hearings conducted at the same meeting or another meeting during the same week shall not be discussed. A total of 30 minutes is allocated with each individual being allowed no more than 3 minutes. Individuals who registered with the City Clerk to speak will speak in the order registered until the allocated 30 minutes expires. If time remains after all persons who registered have spoken, individuals who did not register will have an opportunity to speak until the allocated 30 minutes expires.

3. Approval of Proposed Minutes - September 19, 2016
4. Consideration of Market Adjustment/Merit Program for FY 2017-2018
5. Consideration of Salary Structure Adjustment for FY 2017-2018
6. Adjournment: Greenville Utilities Commission  
Adjournment: City Council

PROPOSED MINUTES OF JOINT MEETING OF THE  
GREENVILLE CITY COUNCIL  
AND THE GREENVILLE UTILITIES COMMISSION  
BOARD OF COMMISSIONERS  
MONDAY, SEPTEMBER 19, 2016

Having been properly advertised, a joint session of the Greenville City Council and the Greenville Utilities Commission Board of Commissioners (GUC Board) was held on Monday, September 19, 2016, at 6:00 p.m. in the GUC Board Room, located on the second floor of the Greenville Utilities Main Office Building at 401 S. Greene Street in Greenville.

Council Member Glover called the meeting to order for the City Council.  
GUC Chair Mills called the meeting to order for the GUC Board and welcomed two new GUC Commissioners, Toya Jacobs and Minnie J. Anderson.

A motion was made by Council Member Mercer, and seconded by Council Member Smiley, to appoint Council Member Rose Glover as the City's presiding officer due to the absence of Mayor Thomas and Mayor Pro-Tem Smith. The motion carried unanimously.

Those present from the City Council:

Council Members Rose Glover, Calvin Mercer, Rick Smiley, and PJ Connelly

Also present from the City of Greenville:

Barbara Lipscomb, City Manager; Michael Cowin, Assistant City Manager; Merrill Flood, Assistant City Manager; Leah Futrell, Human Resources Director; Dave Holec, City Attorney; and Carol L. Barwick, City Clerk

Those present from the Greenville Utilities Commission Board of Commissioners:

Chair Don Mills, Chair-Elect Rebecca Blount, Secretary Joel Butler, and Commissioners Toya Jacobs, Parker Overton, Tommy Stoughton, Minnie J. Anderson and Barbara Lipscomb

Also present from the Greenville Utilities Commission:

Tony Cannon, General Manager/CEO; Chris Padgett, Chief Administrative Officer; Phillip R. Dixon, General Counsel; Steve Hawley, Public Information Officer/Communications Manager; Richie Shreves, Director of Human Resources; Amy Quinn, Executive Assistant to the General Manager/CEO; Debbie Jones, Benefits Administrator and Lou Norris, Secretary to the General Manager/CEO

Others present:

Shannon Keith, The Daily Reflector; Steve Graybill and Devi Eddins, Mercer Consulting

Those absent:

Mayor Allen Thomas, Mayor Pro-Tem Kandie Smith, and Council Member McLean Godley were absent from the City Council.

Commissioner Parker Overton was absent from the Greenville Utilities Commission.

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APPROVAL OF THE AGENDA

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Upon motion by Council Member Smiley and seconded by Council Member Connelly, the Greenville City Council unanimously approved the agenda.

Upon motion by Commissioner Blount and seconded by Commissioner Lipscomb, the GUC Board unanimously approved the agenda.

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PUBLIC COMMENT PERIOD

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Council Member Rose Glover opened the public comment period at 6:04 p.m. and explained the procedures to be followed by anyone who wished to speak.

There being no one present who wished to speak, Council Member Glover closed the public comment period at 6:05 p.m.

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APPROVAL OF PROPOSED MINUTES- APRIL 25, 2016

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Upon motion by Commissioner Butler and seconded by Commissioner Stoughton, the GUC Board unanimously approved the April 25, 2016 Joint Minutes as presented.

Upon motion by Council Member Smiley and seconded by Council Member Connelly, the Greenville City Council unanimously approved the April 25, 2016 Joint Minutes as presented.

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CONSIDERATION OF JOINT PAY AND BENEFITS COMMITTEE RECOMMENDATIONS ON PLAN YEAR 2017  
MEDICAL AND DENTAL BENEFITS AND PROPOSED THREE-YEAR STRATEGY FOR MEDICAL AND DENTAL  
BENEFITS FOR PLAN YEARS 2017-2019

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Mr. Chris Padgett, Chief Administrative Officer for GUC, reminded the Board that the City and GUC are jointly meeting today to review the recommendation of the Joint Pay and Benefits Committee. He stated that staffs worked together with Mercer Consulting on the health plan strategies. Mr. Padgett added that the Joint Pay and Benefits Committee met on August 23, 2016, and finalized the recommendations related to health benefit offerings for 2017 and the new three-year strategy for 2017-2019.

Mr. Steve Graybill and Ms. Devi Eddins with Mercer Consulting provided a presentation and answered questions. Ms. Eddins began by stating that the original 2017 strategy has been modified due to the Excise Tax being postponed. Originally the strategy was to eliminate the Enhanced plan in 2017 and to offer a Core plan as the "PPO" option along with the high deductible Health Savings Account (HSA). Also, the original target employer subsidy for 2017 was 80.0%.

The modified strategy for 2017 includes maintaining all current health plan offerings, introducing the dual option dental plan and continuing to include a year 1 HSA seed bonus for new enrollees into the HSA plan. The 2017 strategy related to cost includes a target employer subsidy of 83.4%. This will be achieved by increasing the employee-only cost share percentages to 50% of dependent tier cost for Enhanced and Core Plan and to 25% for the HSA; increasing dependent tier contributions by needed increase +3% (about 11.2% for 2017); and by keeping the employer dental plan subsidy the same regardless of plan but employee pays the difference.

**Medical:**

Since 2011, the average annual cost increase has been 3.9%.

If there were no changes implemented for 2017, the cost share would be 85.3%. With the recommendations of the plan changes as outlined, the cost share is projected to be 83.4%.

Charts were provided that showed how much employee contributions for medical would increase from 2016 to 2017 based on the salary tier and the health plan selected. Per City Council's request, Mr. Michael Cowin, Assistant City Manager, provided information for each salary band which compared salary increase to the projected employee change. He also stated that the dollars given for incentives from the wellness program will be increased from \$150 to \$300.

**Dental:**

The Committee recommendation is to introduce a dual dental option plan. Employees will pay the difference if they elect the higher plan. It was noted that there is a small difference in cost of the two plans but the dental plus plan will provide a \$3,000 orthodontia benefit. There will be an estimated savings of \$79,000 by offering a dual plan.

Ms. Eddins reviewed the Committee’s recommendations for the three-year strategy.

	2017	2018	2019
<b>Design</b>	<ul style="list-style-type: none"> <li>Maintain current plan offering as Excise Tax has been postponed</li> <li>Introduce Core/Buy Up dental option</li> <li>Include year 1 HSA seed bonus for new enrollees into the HSA plan</li> </ul>	<ul style="list-style-type: none"> <li>Index deductibles and out-of-pocket maximums</li> <li>Modify Core and HSA plan designs to reduce overall benefit value to offset increased cost and create greater differential between plan values</li> <li>Include year 1 HSA seed bonus for new enrollees into the HSA plan and consider increase to annual HSA seed amount</li> </ul>	<ul style="list-style-type: none"> <li>Prepare current medical plan offering for transition to dual option program (i.e., HSA and single PPO)</li> <li>Include year 1 HSA seed bonus for new enrollees into the HSA plan and consider increase to annual HSA seed amount</li> </ul>
<b>Cost</b>	<ul style="list-style-type: none"> <li>Target employer subsidy: 83.4%</li> <li>Increase employee only cost share percentages to 50% of dependent tier cost share percentages for Core and Enhanced, 25% for HSA</li> <li>Increase dependent tier contributions by needed increase +3%</li> <li>Employer dental plan subsidy same regardless of plan, employee pays difference</li> <li>Ongoing monitoring of plan cost to maintain appropriate actuarial balance to minimize selection risk</li> <li>Monitor plan cost to Excise Tax requirements</li> </ul>	<ul style="list-style-type: none"> <li>Target employer subsidy: 82%</li> <li>Increase employee cost share across all tiers to achieve target subsidy</li> <li>Monitor first year results of dual option dental plan</li> <li>Ongoing monitoring of plan cost to maintain appropriate actuarial balance to minimize selection risk</li> <li>Monitor plan cost to Excise Tax requirements</li> </ul>	<ul style="list-style-type: none"> <li>Target employer subsidy: 81%</li> <li>Increase employee cost share across all tiers to achieve target subsidy</li> <li>Continue to reinforce employer subsidy</li> <li>Ongoing monitoring of plan cost to maintain appropriate actuarial balance to minimize selection risk</li> <li>Monitor plan cost to Excise Tax requirements</li> </ul>

It was discussed that these strategies would be evaluated annually and adjustments made accordingly.

Following much discussion, Commissioner Butler made a motion for GUC to accept the recommendation of the proposed medical and dental benefits for plan year 2017 and to accept the proposed three-year strategy for medical and dental benefits for plan years 2017-2019; Commissioner Stoughton seconded the motion, which passed by unanimous vote.

Council Member Smiley made a motion for the City of Greenville to accept the recommendation of the proposed medical and dental benefits for plan year 2017 and to accept the proposed three-year strategy for medical and dental benefits for plan years 2017-2019; Council Member Connelly seconded the motion, which passed by unanimous vote.

ADJOURNMENT

There being no further discussion, Commissioner Blount moved to adjourn the meeting at 6:44 p.m. Commissioner Jacobs seconded the motion, which passed by unanimous vote. Chair Mills adjourned the meeting for the Greenville Utilities Commission Board at 6:44 p.m.

There being no further discussion, at 6:45 p.m. Council Member Smiley moved to recess and reconvene in City Hall Conference Room 337 located on 200 West Fifth Street for a Closed Session in accordance with N.C.G. S. §143-318.11(a)(6) to consider the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of initial employment of an individual public officer or employee. Council Member Mercer seconded the motion, which passed by unanimous vote.

Respectfully submitted,

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Amy Carson Quinn  
Executive Secretary

APPROVED:

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Joel Butler  
Secretary

MEMORANDUM

TO: Mayor and City Council  
Greenville Utilities Board of Commissioners

FROM: Barbara Lipscomb, City Manager *BL*  
Anthony C. Cannon, General Manager/CEO *ACC*

DATE: April 19, 2017

SUBJECT: Joint City/GUC Pay and Benefits Committee Recommendations for  
FY 2017-2018

The Joint City/GUC Pay and Benefits Committee, comprised of City Council Members Rose Glover and Rick Smiley and GUC Commissioners Joel Butler and Toya Jacobs, met on March 23, 2017. The result of this meeting was recommendations to be considered by City Council and GUC Board of Commissioners at their upcoming Joint Meeting scheduled for Monday, April 24, 2017, at 5:00 p.m. in the Board Room at Greenville Utilities Commission. A copy of the Meeting Agenda is attached for your review.

**Market Adjustment/Merit Allocation**

The City and GUC annually review the competitive market pay posture of our joint pay plan. The objective is to maintain an effective pay system for our employees that is internally equitable and compatible, and is as competitive as possible in relation to the external marketplace.

The City and GUC have traditionally used the Capital Associated Industries (CAI) survey as the primary benchmark guide for establishing the market related to wage growth. Over the past several years, staff has received requests to include data from other reputable surveys, other public sector organizations and local employers to ensure that CAI is truly representative of the market.

As depicted in the chart below, wage projections and trends for 2017 are relatively consistent among the following surveys: Aon Hewitt, CAI, Hay Group, Mercer, Towers Watson, and WorldAtWork.

Survey Company	Projection
Aon Hewitt	3.0%
Capital Associated Industries (CAI)*	2.7%
Hay Group	3.0%
Mercer	2.9%
Towers Watson	3.0%
WorldAtWork	3.1%

*\*COG and GUC have traditionally used CAI as the primary benchmark guide*

Staff surveyed our established benchmark public sector organizations and several local private employers to determine their plans related to compensation decisions for FY 2017-2018.

- Public-sector benchmark organizations: The public-sector benchmark organizations are comprised of 26 municipalities and utilities. Of the 24 organizations that responded, 22 gave their employees pay increases in FY 2016-2017; the average actual increase was 3.2% (market and/or merit). Many of the benchmark organizations are in the process of developing their FY 2017-2018 budgets and have not made a decision regarding pay increases. Of the organizations that have responded, the average pay increase projection for FY 2017-2018 is 3.2% (market and/or merit).
- Local private employers: For FY 2017-2018, nine employers responded, reporting actual pay increases that averaged 3.1% (market and/or merit).

GUC/COG Combined Market and Merit Adjustment History						
Fiscal Year	Annual		Combined	(CAI) <sup>1</sup> Market	Difference	Cumulative Difference
	Market	Merit				
10/11	0	0	0			
11/12 <sup>2</sup> (GUC) (COG)	0 1.5%	1.5% 0	1.5% 1.5%			
12/13 (GUC) (COG)	1.0% 2.5%	1.5% 0	2.5% 2.5%			
13/14 <sup>3</sup>	0 <sup>3</sup>	0	0			
14/15 (GUC) (COG)	0 1.5%	1.5% 0	1.5% 1.5%			
True-up Data Point						
15/16 (GUC) (COG)	.5% 2.0%	1.5% 0%	2.0% 2.0%	2.7% 2.7%	-0.7% -0.7%	-0.7% -0.7%
16/17 (GUC) (COG)	.5% 2.0%	1.5% 0%	2.0% 2.0%	2.8% 2.8%	-0.8% -0.8%	-1.5% -1.5%

<sup>1</sup>Market (CAI) survey is the actual average of approximately 660 NC companies including those with zero increases.

<sup>2</sup>The new pay plan became effective on 7/1/2011; while many jobs did move up or down, relative to other previously comparable jobs, only a limited number of GUC and City employees received pay increases. The pay plan brought salary ranges in line with the current market but actual wages were not impacted to a large degree.

<sup>3</sup>GUC & COG absorbed 100% of the medical benefits premium increases for FY 13/14. For the City, the increase in funding is the equivalent of a 2.5% market increase for employees.

Using the true-up data point as a reference, the data indicates that pay increases for the City and GUC are currently 1.5% below market.



## GUC/COG Combined Market and Merit Benchmark History

Fiscal Year	Private Sector*	Public Sector	GUC	COG	Cumulative Difference (Private)	Cumulative Difference (Public)
15/16	2.0%	2.5%	2.0%	2.0%	0.0%	-0.5%
16/17	3.05%	3.2%	2.0%	2.0%	-1.05%	-1.7%
17/18	3.1%	3.2%**	TBD	TBD	TBD	TBD

*\*The private sector data represents projections collected during the Spring of each year as part of the Pay & Benefits planning process.*

*\*\*The public sector data for 17/18 represents projections collected early 2017 as part of the Pay & Benefits planning process.*

### **Recommendation**

The Joint Committee recommends that the City and GUC fund an employee pay adjustment of 3.2% for FY 2017-2018, applied as deemed appropriate by each entity, in order to maintain market competitiveness. The 3.2% employee pay adjustment is recommended because it aligns with the FY 2017-2018 average pay increase projection for our established public-sector benchmark organizations, while minimizing the cumulative difference of below market pay increases since the Five-Year True-Up Market Study was conducted in 2015. The data for the responding public-sector benchmark organizations are attached for reference.

### **Salary Structure Adjustment**

The City of Greenville and Greenville Utilities Commission partnered with Segal Waters Consulting to conduct a 5-Year True Up Market Study in 2015. This study was essentially a “pulse check” to ensure that the compensation and compensation structure of the two entities have remained in line and competitive with the market. Segal Waters’ study noted that our salary structure should be reviewed annually to ensure our structure remains competitive with the market.

WorldAtWork projects salary structures to increase by 2.1% for 2017. Segal Waters, the City’s and GUC’s classification and compensation consultant, uses and recommends WorldAtWork data because their Salary Budget Survey is the largest and most trusted resource of salary and structure adjustment data used by compensation professionals nationally and internationally.

Adjusting our salary structure will have minimal immediate financial impact based on current employees' position in the salary structure. An increase equally across all pay ranges in our salary structure, however, will positively affect our ability to compete with the market.

**Recommendation**

The Joint Committee recommends that the City and GUC approve adopting a 2.1% adjustment to the salary structure.

**5-Year True-Up Market Study Cost Impact**

As part of the 5-Year True-Up Market Study conducted in 2015, the City Council and Greenville Utilities Commission Board approved pay adjustments that were outlined in the Segal Waters' Study as follows:

	<b>City</b>	<b>GUC</b>	<b>Combined Total</b>
Adjustment to new pay grade minimum (positions with below-market pay)	\$48,387.04	\$81,561.06	\$129,948.10
Compression Adjustment	\$168,298.50	\$26,757.03	\$195,055.53
<b>Total Adjustments</b>	<b>\$216,685.54</b>	<b>\$108,318.09</b>	<b>\$325,003.63</b>

In order to mitigate pay compression and attract and retain high-performing employees, the City Council and Greenville Utilities Commission Board adopted an "at market" pay philosophy as part of the comprehensive Classification and Compensation Study that was conducted in 2010 by Waters Consulting (now known as Segal Waters Consulting). As a reminder, pay compression is the situation that occurs when there is only a small difference in pay between employees regardless of their skills or experience. Pay compression is the result of the market-rate for a given job outpacing the increases historically given by the organization to high tenured employees. Therefore, newcomers can only be recruited by offering them as much or more than high tenured employees, resulting in pay compression and low morale. In worst case scenarios, pay compression may also result in Equal Pay violations, particularly if individuals in protected classes are involved.

Paying at market and adjusting our salary structure so that it is market competitive will enhance the City's and GUC's ability to recruit and retain qualified and high-performing employees. This is especially important as the economy continues to improve, resulting in an increasingly competitive and tightening labor market.

We look forward to seeing you at the upcoming Joint Meeting on April 24 at 5:00 p.m. in the GUC Board Room.

**Attachments**

- cc: Merrill Flood, Assistant City Manager
- Michael Cowin, Assistant City Manager
- Chris Padgett, GUC Chief Administrative Officer
- Leah Futrell, COG Director of Human Resources
- Richie Shreves, GUC Director of Human Resources

## PUBLIC SECTOR PAY INCREASES (Benchmark Organizations)

The benchmark organizations listed below were used by Waters Consulting Group (now Segal Waters) in 2010 as part of the comprehensive classification and compensation study for the City/GUC. These benchmarks (26 total) have been used by the City/GUC for pay survey purposes since 2010. The organizations were selected by the consultant and approved by the City/GUC based on commonality of positions, competition for jobs/talent, location/proximity, services provided, and comparableness in size and operating budget to ensure strong matches.

	FY 17/18	FY 16/17	
	Proposed	Actual	Comment
Asheville		3.50%	
Cary		6.00%	2.00% market + 4.00% merit
Clarksville, TN	3.00%	2.00%	
Concord		3.50%	
Denton, TX	3.00%	4.00%	
Durham	5.00%	3.25%	
Fayetteville		2.00%	
Flower Mound, TX		4.40%	
Garland, TX	3.00%	3.00%	
Gastonia	3.25%	3.00%	
Greenwood, SC	2.25%	2.25%	
Greenwood CPW	2.00%	3.25%	2.00% market + 1.25% merit
Guilford County*	3.00%	2.25%	
High Point	4.00%	3.00%	
Kissimmee, FL*		4.00%	2.00% market + 2.00% merit
Kissimmee Utility	6.00%	6.00%	3.00% market + 3.00% merit
Lafayette, LA		0.00%	
Pitt County	2.40%	5.00%	2.60% market + 2.40% merit (below midpoint)
Rocky Mount	3.00%	3.00%	
Smithfield	3.00%	2.00%	
Springfield, IL*	1.50%	1.50%	
Wilmington	3.00%	3.00%	1.50% market + 1.50% merit
Wilson		3.00%	
<b>AVERAGE</b>	<b>3.16%</b>	<b>3.17%</b>	
<b>AVERAGE (rounded)</b>	<b>3.20%</b>	<b>3.20%</b>	

\*EMS provider

Color legend:

**red** denotes market (COLA) increase or other non-merit increase (e.g., based on years of service)

**green** denotes both market and merit increases

black denotes merit (pay for performance) increase

Notes:

- 1) Jacksonville, NC awarded a \$1,000 increase in FY 16/17; anticipates same for FY 17/18
- 2) Durham increased annual merit increases to 5% for Police Officers & Firefighters for upcoming FY; general employees were eligible for up to 5.5% increase in FY 16/17; assuming same for FY 17/18

**PUBLIC SECTOR PAY INCREASES**  
**(Benchmark Organizations - NC only)**

	FY 17/18	FY 16/17	
	Proposed	Actual	Comment
Asheville		<b>3.50%</b>	
Cary		<b>6.00%</b>	2.00% market + 4.00% merit
Concord		3.50%	
Durham	5.00%	3.25%	
Fayetteville		<b>2.00%</b>	
Gastonia	<b>3.25%</b>	<b>3.00%</b>	
Guilford County*	3.00%	2.25%	
High Point	4.00%	3.00%	
Pitt County	2.40%	<b>5.00%</b>	2.60% market + 2.40% merit (below midpoint)
Rocky Mount	3.00%	3.00%	
Smithfield	<b>3.00%</b>	<b>2.00%</b>	
Wilmington	<b>3.00%</b>	<b>3.00%</b>	1.50% market + 1.50% merit
Wilson		3.00%	
<b>AVERAGE</b>	<b>3.33%</b>	<b>3.27%</b>	
<b>AVERAGE (rounded)</b>	<b>3.30%</b>	<b>3.30%</b>	

\*EMS provider

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**green** denotes both market and merit increases

black denotes merit (pay for performance) increase

Notes:

- 1) Jacksonville, NC awarded a \$1,000 increase in FY 16/17; anticipates same for FY 17/18
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