

Joint Greenville City Council/Greenville Utilities Commission Meeting

Thursday, April 11, 2013

5:30 p.m.

Greenville Utilities Board Room

401 South Greene Street

1. Call Meeting to Order – Mayor Thomas
– Chair Hardy
2. Approval of Agenda – City Council
Approval of Agenda – Greenville Utilities Commission

- Public Comment Period

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. Minutes
 - a. For Approval – September 13, 2012 Joint Greenville City Council/Greenville Utilities Commission Meeting
 - b. For Information – March 4, 2013 Joint City/GUC Pay and Benefits Committee Meeting and March 28, 2013 Joint City/GUC Pay and Benefits Committee Meeting
4. Market Adjustment/Merit Program: Recommendation from Joint Committee
5. Selection of External Auditor
6. Update on RFP for Insurance Consultant
7. Adjournment – Greenville Utilities Commission
Adjournment – City Council

**PROPOSED MINUTES
JOINT MEETING OF THE GREENVILLE CITY COUNCIL
AND THE GREENVILLE UTILITIES COMMISSION
THURSDAY, SEPTEMBER 13, 2012**



Having been properly advertised, a joint session of the Greenville City Council and the Greenville Utilities Commission (GUC) was held on Thursday, September 13, 2012 in the GUC Board Room, located on the second floor of the Greenville Utilities Office Building at 401 S. Greene Street in Greenville, with Mayor Allen M. Thomas presiding for the City Council and Chair Virginia Hardy presiding for the GUC. Mayor Thomas and GUC Chair Hardy called the meeting to order at 6:00 pm, with a quorum of both boards present.

Those present from the City Council:

Mayor Allen M. Thomas, Mayor Pro-Tem Rose H. Glover, and Council Members Kandie Smith, Marion Blackburn, Calvin R. Mercer, Max R. Joyner, Jr. and Dennis J. Mitchell

Also present from the City of Greenville:

Barbara Lipscomb, City Manager; David A. Holec, City Attorney and Carol L. Barwick, City Clerk

Those present from the Greenville Utilities Commission:

Chair Virginia Hardy, Commissioners Phil Flowers, Vickie Joyner, Chip Little, John Minges and Barbara Lipscomb

Also present from the Greenville Utilities Commission:

Tony Cannon, General Manager/CEO; Amy Quinn, Executive Assistant to the General Manager; Phillip R. Dixon, Attorney and Lou Norris, Recording Secretary

Those absent:

GUC Vice-Chair Stan Eakins and Commissioner Don Edmonson. There were no City absences.

APPROVAL OF THE AGENDA

Upon motion by Council Member Joyner and second by Council Member Blackburn, the Greenville City Council unanimously approved the agenda.

Upon motion by Commissioner Little and second by Commissioner Minges, the Greenville Utilities Commission unanimously approved the agenda.



PUBLIC COMMENT PERIOD

Mayor Thomas opened the public comment period at 6:03 pm and explained the procedures to be followed by anyone who wished to speak.

Amy Nunez – 582 S Square Drive, Winterville, NC

Ms. Nunez stated she is a City employee and is concerned about rising health care costs. She currently has the Core Plan with Cigna, which is subject to deductibles and co-insurance. She has experienced having to pay out-of-pocket costs and would like to see some form of supplemental insurance added to employees' benefit packages.

There being no one else present who wished to address the City Council, Mayor Thomas closed the public comment period at 6:05 pm.

RECOMMENDATIONS OF JOINT PAY & BENEFITS COMMITTEE

GUC Chair Hardy acknowledged Steve Graybill, of Mercer Consulting, who was joining the meeting by telephone. Mr. Graybill stated that the Joint Pay & Benefits Committee met on September 4, 2012 to consider the 2013 renewal of the health and dental insurance programs. Strategic goals for the health and dental insurance have been to:

- Develop a multi-year sustainable plan that will deliver healthcare to employees and their families while keeping cost management, coverage options, funding alternatives and wellness program components in mind
- Assure competitiveness with similar employers by sector and industry
- Provide high quality, affordable benefits by managing costs, minimizing increases and rewarding healthy behavior/lifestyle choices.

Mr. Graybill stated with no changes to plan design, the medical plan would require a 10.8% increase to both employer and employee costs to sustain the plan at the current benefit levels for the 2013 calendar year. By incorporating a variety of design changes, the overall increase is reduced to 6.3% for the calendar year, which is under the currently budgeted amounts of 8% for 2013 and 10% for 2014.

Mr. Graybill stated that City/GUC staff recommend the following changes that are consistent with the City/GUC five-year strategy:

- Adoption of a tobacco user surcharge of \$50.00 per month
 - Employees who do not smoke can avoid the charge by signing an affidavit verifying their non-usage
 - Support programs will be available to support smoking cessation



- Adoption of a spousal surcharge of \$100.00 per month
 - Applies to employees whose spouse has the option of comprehensive coverage through his/her employer
 - Retirees/spouses will not be subject to the surcharge this year
- Adoption of plan-specific design changes to both Core and Enhanced plans:
 - Changes will still maintain competitive design while lowering increase required of employees
 - Changes support broader difference between Core and Enhanced plans

Mr. Graybill explained that by adding surcharges and design changes, the Committee is recommending a 7.1% increase in Enhanced plan premiums and no change in Core plan premiums. The increase of 6.3% will be implemented on the Enhanced plan only. Making all of the recommended changes will allow maintenance of a competitive plan offering from both a design and contribution standpoint while managing overall benefit spending below fiscal year budget estimates.

The Joint Pay and Benefits Committee also recommends approval of Cigna's three-year contract offer with a 2% fee cap in 2014 and 2015, and no increase in administrative fees for 2013. The contract can be terminated with no penalty, and the multi-year agreement provides \$35,000.00 in wellness plan funding annually. Reinsurance premiums are increasing 17%; however, this increase is under review and Mr. Graybill's group will be working with City/GUC staff to evaluate options.

Mr. Graybill stated that a 4% increase is also recommended for employee dental premiums, but no plan design changes are scheduled.

Mayor Thomas asked about the tobacco user's surcharge and if other employers were using this approach to manage costs. Mr. Graybill stated the surcharge is becoming a prevalent practice. He cited the City of Asheville, City of Raleigh, Vidant Health and Fayetteville Public Works as other North Carolina organizations that have implemented a similar charge and stated that nationally, the average is currently about 20% of large employers.

Council Member Joyner asked how the proposed cost was determined. Mr. Graybill stated that Raleigh charges \$20.00, Vidant charges \$25.00 and Fayetteville charges \$40.00 but he is aware of agencies charging as much as \$150.00, so \$50.00 was determined to be a reasonable fee since it is deducted pre-tax.

Council Member Blackburn agreed that smoking is a health hazard, but expressed concern about further penalizing individuals who had this habit/addiction that they possibly could not overcome. She stated a \$50.00 surcharge may be a hardship on employees in these difficult economic times and suggested if a fee is necessary that it be reduced to \$25.00. She stressed that she finds it objectionable to add a penalty for smokers without adding similar penalties for other risk groups like cola drinkers or couch potatoes.



Council Member Joyner stated he is a smoker, but he still feels this is an issue which should be addressed. While he indicated he is concerned that the \$50.00 might be a little steep, he feels it is a first-step action and that other health concerns like those suggested by Council Member Blackburn could be addressed in the future.

Council Member Blackburn asked for an explanation of reinsurance. Mr. Graybill stated it refers to coverage that applies to individual claims that exceed \$200,000.00. He stated that, in light of the proposed increase, consideration is being given to taking this to the competitive bidding market, but this cannot be done until all August claims have been processed. He stated consideration may also be given to raising the limits on reinsurance.

Commissioner Little indicated he is new to the GUC Board and asked why there are two different plans available. He said he believes 85% of GUC employees participate in the Enhanced plan.

Mr. Graybill stated the plans are set up to be financially neutral to the employer, but are designed so that employees who don't use their insurance much can get lesser coverage for lesser cost, although at a higher risk, while those who use their coverage more can get better coverage at a higher cost.

Council Member Blackburn moved to proceed with recommended changes, with the exceptions that the tobacco user's surcharge be reduced to \$25.00 and the Core plan deductibles be kept at 10% for coinsurance and emergency room fees. Motion died for lack of a second.

Council Member Mercer stated the intent of Council Member Blackburn's motion appeared to be a scaling back on changes. If that is the case, he feels a reduction of the spousal surcharge is also in order and indicated he would second Council Member Blackburn's motion if she agreed to accept that as a friendly amendment.

Council Member Blackburn accepted Council Member Mercer's amendment.

Council Member Joyner stated he is still concerned about the amount of the tobacco user's surcharge, but he feels Mr. Graybill and the Joint Pay and Benefits Committee have done a commendable job of putting together a plan which will prevent the necessity of drastic health insurance cost increases later.

Council Member Mercer withdrew his second of the amended motion, which then died for lack of a second, and he moved to accept recommendations in full, including contract renewal, as presented. Council Member Blackburn stated she would second the motion if Council Member Mercer accepted a friendly amendment to reduce the tobacco user's surcharge to \$25.00.



Council Member Mercer declined the amendment, stating that if the City Council chose to alter the consultant's and the Committee's recommendations, he would prefer to see all increases cut in half.

Council Member Mitchell stated that now that he fully understands the proposed changes, he would second the motion to accept recommendations in full, including contract renewal, as presented.

Council Member Joyner stated there had been a recommendation during discussion at the Joint Pay and Benefits Committee meeting to delay implementation of the tobacco user's surcharge until July 1st. He stated as a smoker, he is not fond of the surcharge, but he acknowledges the need. He offered the implementation delay to July 1st as a friendly amendment as it would afford smokers an opportunity to make lifestyle changes or to prepare for the cost impact.

Council Member Mercer accepted the amendment to the original motion. Council Member Mitchell withdrew his second to the motion as a result of the amendment, so Council Member Joyner seconded the amended motion.

There being no further discussion, the amended motion to accept recommendations in full excepting a delay to July 1st for the tobacco user's surcharge, and to approve Cigna's three-year contract offer as presented, passed by a vote of 4 to 2 with Council Members Mitchell and Blackburn casting the dissenting votes.

Upon motion by Commissioner Minges and second by Commissioner Little, the GUC voted unanimously to accept recommendations in full excepting a delay to July 1st for the tobacco user's surcharge, and to approve Cigna's three-year contract offer as presented.

WELLNESS PROGRAM UPDATE

City Benefits Manager Frank Salvato stated the objective of the Wellness Program is to help City and GUC employees develop and manage their own healthy lifestyles to give them a greater chance to live longer, healthier and more productive lives at home and at work. The purpose is to provide wellness tools and opportunities to employees that will enable them to make healthy lifestyle choices that will have the potential to intervene and prevent many of the health issues prominent in North Carolina.

Wellness Goals for 2012 include:

- Increase participation in the Biometric Screenings and Health Assessments to 60%
- Improve the results of Biometric Screening numbers by 10%
- Develop programs, events and activities around the top three employee risk factors



- Continue to develop an infrastructure and culture supportive of sustaining health improvement

Mr. Salvato stated the strategy for meeting these goals in 2012 has been focused on interventions related to obesity, hypertension, cholesterol, diabetes and depression, and promoting behavioral health by focusing on physical activity, nutrition, smoking cessation and preventive screenings.

Mr. Salvato reviewed the biometric data from 2011 that showed an increase in the number of participants compared to 2010 for both the City and GUC. The City had 170 participants out of 750 employees in 2010 compared to 250 participants in 2011. GUC had 146 participants out of 406 employees in 2010 compared to 203 participants in 2011. For both entities, the percentage of participants found to be at risk in 3 or more health areas was high: 76% for the City in 2010 and 70% in 2011, while GUC had 67% at risk in 2010 and 72% in 2011.

Mr. Salvato discussed the following programs that have been implemented in an effort to promote wellness and improve results for both the City and GUC employees:

- Held an electronic scavenger hunt on CUGwell (which is an online wellness site for City and GUC employees) to get employees exposed to online tools to help them manage their health
- Installed healthy vending machines throughout the City and healthy choices were added to GUC vending machines
- Measured/marked 9 walking paths (2 at GUC Operations Center, 2 at River Park North, 2 at Public Works and 3 in Uptown Greenville) to encourage daily walking
- Held Summer Olympic Challenge
- Issued pedometers to employees
- Held "Ask Cigna" days for Spring Safety, Summer Skin Care with a derma-scan machine and Fall Stress Management with free massages
- Added an expert fitness coach to CUGwell to answer employee questions
- Held "Maintain, Don't Gain" program to encourage healthy eating during the holidays
- Conducted biometric screenings and health assessments during October
- Offered discounted memberships to local gyms

Mr. Salvato reported that the Wellness Program was recognized by the American Heart Association with a Gold Standard award for a Fit Friendly Company. He stated that goals for 2013-2014 including participation by 90% of the City/GUC workforce in some aspect of the wellness program, on-site health coach follow-ups to maintain healthy behaviors and implementing various rewards/incentives for healthy behaviors.

ADJOURNMENT



There being no further discussion, Council Member Mitchell moved to adjourn the meeting at 6:55 pm. Council Member Joyner seconded the motion, which was approved by unanimous vote. Mayor Thomas adjourned the meeting for the City Council at 6:55 pm.

There being no further discussion, Commissioner Minges moved to adjourn the meeting at 6:56 pm. Commissioner Flowers seconded the motion, which was approved by unanimous vote. Chair Hardy adjourned the meeting for the Greenville Utilities Commission at 6:56 pm.

Respectfully submitted,

Carol L. Barwick, CMC
City Clerk

MINUTES
JOINT PAY AND BENEFITS COMMITTEE
MONDAY, MARCH 4, 2013

The Joint Pay and Benefits Committee of the City of Greenville (COG) and the Greenville Utilities Commission (GUC) met on Monday, March 4, 2013 in the Greenville Utilities Commission Board Room, located at 401 South Greene Street in Greenville, North Carolina. The meeting was called to order at 2:00 p.m.

Committee members present included Mayor Pro-Tem Rose H. Glover, Council Member Max Joyner, Jr., Commissioner Vickie Joyner and Commissioner John Minges. No committee members were absent and Commissioner Minges ascertained that a quorum was present.

Other COG officials and staff present included City Manager Barbara Lipscomb, Interim Assistant City Manager Chris Padgett, Interim Director of Human Resources Leah Futrell, and Benefits Manager Frank Salvato.

Other GUC officials and staff present included General Manager/CEO Tony Cannon, Chief Operating Officer Todd Rouse, Human Resources Director Patrice Alexander, Benefits Administrator Debbie Jones, Executive Assistant to the General Manager Amy Quinn, and Secretary to the General Manager Lou Norris.

Others in attendance included Steve Graybill and Devi Eddins with Mercer, Doug Jones of COG, and Raj Jagad of Gurus Networks, Inc.

ITEM I - APPROVAL OF THE AGENDA

Upon motion by Commissioner John Minges, and seconded by Commissioner Vickie Joyner, the agenda was approved as presented by unanimous vote.

ITEM II - APPROVAL OF MINUTES

Council Member Joyner moved to approve the minutes from the September 4, 2012 meeting. Commissioner Joyner seconded the motion, which passed by unanimous vote.

ITEM III - MERCER PRESENTATION: STATUS AND TRENDS
2012 REVIEW OF HEALTH/DENTAL INSURANCE

Mr. Steve Graybill of Mercer introduced his assistant, Ms. Devi Eddins.

Health care plan status:

Mr. Graybill began his presentation by stating that the current COG and GUC Health Care Plan, which is now self-insured, is running in line with expectations and with the trend in the market place. To compare, the medical plan analysis ended with a 1.7% surplus in fiscal year 2012 and is tracking with a (3.9%) deficit for fiscal year 2013. There were plan changes initiated in January 2013 resulting in a 2.0% projected funding increase. Healthcare costs are projected to increase creating a potential deficit. This analysis does not include the spousal surcharge which will also help close the gap. Currently there are 157 employees that have enrolled spouses and will be surcharged \$100.00 per month. This analysis does not include the \$50.00 per month tobacco surcharge, which will be implemented July 1, 2013.

Below are a few observations for 2013:

- The plan designs were altered significantly to reduce claims by an expected 4.0%.
- Employee contributions were increased for the Enhanced Plan by 7.0% and the Core Plan had no change in employee contributions.
- 74 employees enrolled in medical with the Enhanced Plan migrated to the Core Plan.
- A \$100.00 per month spousal surcharge was implemented for enrolled spouses who have access to comprehensive health coverage available through their own employer. 157 employees were assessed the surcharge which equals \$188,400 in additional employee contributions.
- The \$50.00 per month tobacco user surcharge will be implemented July 1, 2013.

There was discussion as to why the surcharges do not apply to retirees and if retirees should have the same benefits as employees. Mr. Cannon stated that retirees are under a different insurance plan and suggested that this matter be evaluated. Mr. Graybill agreed. The matter will be discussed in more depth this fall.

Plan Design Benchmarking:

Mr. Graybill noted there are 10 other city and county governments in North Carolina with 500+ employees that participated in their survey relating to types of medical plans. The largest type of medical plan is the PPO/POS plan and COG/GUC are in this plan. There was a 7.8% increase in the average medical PPO Plan cost per employee from 2011 to 2012. These costs include the medical and Rx only.

Changes were made to the Core and Enhanced Plans for 2013 with an estimated 4.0% reduction to claim costs. The COG/GUC Core Plan design and provisions compares nicely with others in the market and the COG/GUC monthly employee contribution cost is \$15.21 for employee Core Plan coverage and \$49.27 for the Enhanced Plan.

Health Care Reform:

Mr. Graybill provided a summary of the new health care reform that will begin in 2014. The 2014 mandate is that all individuals must have health coverage or pay a penalty. The penalty starting in 2014 is the greater of \$95.00 (single)/\$285.00 cap (family) or 1.0% of household income. By 2016, the penalty will be the greater of \$695.00 (single)/\$2,085.00 cap (family) or 2.5% of household income. These penalties will be implemented to individuals at the end of the year on their taxes if they did not have health coverage for the year.

The COG and GUC will have a direct impact from the 2014 Health Care Reform from the following fees:

- Manufacturer of Branded Prescription Drugs (fees to be passed through directly to employers-unclear of the impact).
- Patient-Centered Outcomes Research Institute (PCORI)-Fee for each insured member (approximately \$5,000)
- Manufacturers of medical devices (2.3% tax of every sale)
- Fee on health insurance providers (this is avoided as it applies to fully insured companies only, not self-insured)
- Transitional reinsurance fee for each insured (Estimated at \$63.00 per member covered in the plan for 2014. This will begin in January 2014 and will phase out at the end of 2016. This is approximately \$176,000).

Another employer mandate is Shared Responsibility. Large employers, those with at least fifty (50) full-time employee equivalents (FTE) in the previous calendar year, may face penalties if at least one (1) FTE received tax-subsidized benefits through the public health exchange. These employers must offer minimum essential coverage to “substantially all” FTEs or face a penalty of \$2,000.00 multiplied by the number of all FTEs (not counting the first 30 FTEs). Employers offering minimum essential coverage may still face penalties if coverage does not have a value of at least 60% or is not affordable. Mr. Graybill noted this would not be an issue for the COG/GUC plan as the plan is above the 60% level and the cost for employee is in range.

A new concept of full-time employee (FTE) is yet another employer mandate. Employer’s own definition of full-time (and linked benefit eligibility) does not matter for employer shared responsibility. A full-time employee will be any employee working thirty (30) or more hours per week on average or 130 hours per calendar month.

Individuals must apply to public exchange if they do not have access to affordable coverage. When this happens, there is a process between the employer and the public exchange to verify eligibility. Navigating public exchanges may be complex for employers and employees.

The next steps for the COG and GUC is to continue to monitor and prepare workforce for the impact of the 2014 Health Reform, to create a benefit plan related to the new Health Reform, to review cost sharing strategy in light of Health Reform-Shared Responsibility Requirements and continue to monitor plan benefit costs relative to the fiscal year budget.

Other steps include holding a comprehensive review of our CIGNA plan performance in April to see what the cost drivers are and to have a strategic plan for 2014. Also, COG/GUC should continue its wellness efforts to achieve a healthier workforce.

ITEM IV - STATUS OF MERIT PAY PROGRAM AND MARKET ADJUSTMENTS

Mr. Cannon stated that in the agenda materials there is information on a 2013 survey that was conducted that benchmarked other organizations regarding pay increase. Also included was an executive summary of projected wage increases in 2013 and a list of GUC/COG's compensation history from 1990 to 2012.

Mr. Cannon noted that GUC currently has a place holder in the proposed FY 2013-2014 Budget for a 2.0% market increase and 1.5% funding of the merit pool. Ms. Lipscomb said that the COG would need to consider funding changes in order to have any sort of merit/market increase. At this time, the COG does not have market or merit increases planned in their budget. Mr. Cannon informed the Committee that we will continue to fall behind market if we do not keep up now and plan in an organized way. The COG/GUC are currently 2.34% behind the market of the benchmark organizations.

Mr. Cannon noted that GUC customer rates would not be affected by any market/merit increases. The cost drivers for GUC rate increases are capital and debt coverage. Ms. Lipscomb noted employee raises were not included in the FY 14 financial plan for the City at this time.

There was discussion concerning whether GUC would have any utility rate increases in the new budget. Mr. Cannon responded that GUC will have an 8.9% increase in sewer and this is due to debt coverage for new projects, which amounts to approximately \$900,000 per year.

It was the consensus of the Committee to reschedule the March 25, 2013 Pay and Benefits Committee meeting to allow the COG time to gather additional budget information. Staff will work together to schedule a new meeting the first week of April to review the merit pay program and market adjustments. A Joint recommendation from the Committee will be presented to full Boards in April.

ITEM V - UPDATE ON REQUEST FOR PROPOSAL (RFP) FOR
HEALTH BENEFITS CONSULTANT

Mr. Rouse updated the Committee on the RFP for health benefits consultant. Per the request of the Committee last year, an RFP was sent out on February 19. Two proposals went out to local vendors along with seven others to Charlotte and the Triangle Area. So far, two vendors from Charlotte have declined. The deadline to receive responses is March 14. Presentations will be

provided the week of March 25, if needed. Staff should have a recommendation by the first of April. Council Member Joyner stated that a health benefits consultant should be chosen from local vendors that respond.

ITEM VI - REPORT ON WELLNESS/BIOMETRIC SCREENINGS

Mr. Salvato provided the Committee with information about the Joint COG/GUC Wellness Program. The objective of this program is to help our employees develop and manage their own lifestyle choices thus giving them a greater chance to live longer, healthier, and more productive lives at home and at work.

Mr. Salvato stated that the good news is that this is the third year of the plan and we are now able to compare from year to year. The goal for this year is to increase employee participation in the biometric screenings and health assessments to 60%. We fell a little short for 2012. The plan is to increase the participation number in 2013.

Mr. Salvato provided graphs comparing data from the past three years and the program is moving in the right direction. The percentage of employees that are at risk in three or more areas has decreased from 76% to approximately 63% for both the COG and GUC.

The proposed Wellness goals for 2013-2014 are to have a health management points program and to increase participation numbers up to 90% of the workforce for both the COG and GUC employees. The program will continue to offer various awards and incentives for healthy behaviors.

There are incentives in place to encourage these good behaviors. If employee earns a minimum of 220 points in the health management program they receive a \$150 gift card. There are other incentives as well.

ITEM VII - NEXT STEPS

Mr. Cannon noted that GUC will work with the COG staff to schedule another Joint Pay and Benefits committee meeting the first part of April. This meeting will be to determine the Joint Recommendation of the Committee to take to the full Board/ City Council in April.

ITEM VIII - ADJOURNMENT

There being no further discussion, Council Member Joyner made the motion to adjourn and Mayor Pro-Tem Glover seconded the motion. The motion was unanimous and the meeting was adjourned at 3:18 p.m.

Minutes: Monday, March 4, 2013
Meeting of the Joint Pay & Benefits Committee
City of Greenville/Greenville Utilities Commission

Respectfully submitted,

Amy Carson Quinn
Executive Secretary, GUC

DRAFT — not yet approved by Committee

MINUTES
JOINT PAY AND BENEFITS COMMITTEE
THURSDAY, MARCH 28, 2013

The Joint Pay and Benefits Committee of the City of Greenville (COG) and the Greenville Utilities Commission (GUC) met on Thursday, March 28, 2013 in the Greenville Utilities Commission Board Room, located at 401 South Greene Street in Greenville, North Carolina. GUC Chair Virginia Hardy called the meeting to order at 2:00 p.m.

Committee members present included Mayor Pro-Tem Rose H. Glover, Council Member Max Joyner, Jr., Commissioner Vickie Joyner and Commissioner John Minges. No committee members were absent and Commissioner Minges ascertained that a quorum was present.

Other COG officials and staff present included City Manager Barbara Lipscomb, Interim Assistant City Manager Chris Padgett, Interim Director of Human Resources Leah Futrell, and Benefits Manager Frank Salvato.

Other GUC officials and staff present included Chair Virginia Hardy, General Manager/CEO Tony Cannon, Chief Operating Officer Todd Rouse, Human Resources Director Patrice Alexander, Benefits Administrator Debbie Jones, Executive Assistant to the General Manager Amy Quinn, Secretary to the General Manager Lou Norris, Chief Financial Officer Jeff McCauley, Director of Customer Relations George Reel, Director of Information Technology Sandy Barnes, Director of Electric Roger Jones, Director of Finance and Accounting Keith Jones and Public Information Officer Sue Hatch.

Others in attendance included Ginger Livingston, Daily Reflector.

ITEM I - APPROVAL OF THE AGENDA

Upon motion by Council Member Joyner, and seconded by Commissioner Minges, the agenda was approved as presented by unanimous vote.

ITEM II - APPROVAL OF AGENDA AND MINUTES

Commissioner Minges moved to approve the agenda and minutes from the March 4, 2013 meeting. Council Member Joyner seconded the motion, which passed by unanimous vote.

ITEM III – MERIT PROGRAM AND MARKET ADJUSTMENT: STAUS
RECOMMENDATION

City Manager Barbara Lipscomb stated that in the agenda materials there is a memorandum from staff outlining the market adjustment and merit allocation recommendation for FY 2013-2014.

Due to budget constraints and unfavorable economic conditions, the staff recommendations are to suspend the merit pay program for FY 2013-2014 and to have no market adjustment for FY 2013-2014. It is also recommended that the COG and GUC will absorb any anticipated healthcare cost increases for FY 2013-2014.

There was discussion concerning the County's plans to provide approximately a 1.6% to 2.0% market adjustment for its employees. The county does not have a fully funded merit program but they are considering offering additional vacation days for its employees. Ms. Lipscomb noted that the City and the County are different, and last year the City gave raises when the County did not.

Upon discussion, the consensus was that no additional vacation time will be granted to employees.

Mayor Pro-Tem Glover commented that she went to Raleigh yesterday and there are many changes forthcoming that will affect the City but not necessarily the Utilities. She stated that it would not be fair to raise our local taxes in order to provide employees with a pay raise. Council Member Joyner noted that our employees did get raises last year and the year before and during these tough times the stated recommendation is what the City can do at this time.

Mayor Pro-Tem Glover stated that she has always been an advocate for employees. However, at this time the numbers do not look good for the budget. There are departments that are going to have a shortfall and will need to make up the numbers. Currently the City has fourteen (14) vacancies and only the essential positions will be filled.

Upon motion by Council Member Joyner, and seconded by Commissioner Joyner, the Joint Pay and Benefits Committee approved to suspend the merit pay program for FY 2013-2014, to have no market adjustment for FY 2013-2014, and to absorb any anticipated healthcare cost increases for FY 2013-2014. The vote was unanimous.

ITEM IV - UPDATE ON REQUEST FOR PROPOSAL (RFP) FOR
HEALTH BENEFITS CONSULTANT

Mr. Rouse updated the Committee on the RFP for a health benefits consultant. Per the request of the Committee last year, a RFP was sent out on February 19. Mr. Rouse noted the six firms that

responded to the RFP included AonHewitt, Clement Companies, Hay Group, Hill, Chesson & Woody, Mark III, and Mercer. The evaluation group included Patrice Alexander, Leah Futrell, Debbie Jones, Chris Padgett, Todd Rouse and Frank Salvato. Aon Hewitt and Mercer were the top two candidates selected by the evaluation group to be interviewed.

It was suggested that we conduct the two interviews for the health benefits consultant and to make sure we are comfortable with the final selection before notices are sent out to all the other candidates. It was also suggested that there should be a distinct difference between Mercer and Aon Hewitt if we are going to change. Otherwise, it would be best to stay with Mercer to help with the transition and negotiations with CIGNA.

Mr. Rouse also added that there are local firms who can provide supplemental insurances and it was the consensus of the Committee to proceed with a Request for Proposal.

ITEM V – NEXT STEPS

The Joint COG Council and GUC Board meeting is scheduled for Thursday, April 11, 2013 at 5:30 p.m. in the Greenville Utilities Commission Board Room. It was mentioned that the joint meetings most recently have been held at the GUC office and some City Council Members have questioned the venue. Mr. Cannon noted the GUC Board Room was chosen in the past due to the size of the table and that the room is accommodating for the group. The venue can be changed if needed.

ITEM VI - ADJOURNMENT

There being no further discussion, Council Member Joyner made the motion to adjourn and Commissioner Minges seconded the motion. The motion was unanimous and the meeting was adjourned at 2:27 p.m.

Respectfully submitted,

Amy Carson Quinn
Executive Secretary, GUC

MEMORANDUM

TO: Joint City/GUC Committee for Employee Pay and Benefits

FROM: Anthony C. Cannon, General Manager/CEO, Greenville Utilities Commission
Barbara Lipscomb, City Manager, City of Greenville

DATE: March 27, 2013

SUBJECT: Joint Pay and Benefits Matters



Market Adjustment and Merit Allocation

The City of Greenville and Greenville Utilities Commission re-examine annually the competitiveness of our joint pay plan. The objective of the annual review is to maintain an effective pay system for City/GUC employees that is internally equitable and compatible, and is as competitive as possible in relation to the external marketplace.

Due to budget constraints and unfavorable economic conditions, we recommend that the City and GUC suspend the merit pay program for fiscal year 2013-2014 and further recommend that no market adjustment be included in the 2013-14 Budget.

We do, however, recommend that the City and GUC absorb any anticipated healthcare cost increases for FY 2013-14.

If you have any questions or would like to discuss further, please do not hesitate to call.

cc: Mr. J. Todd Rouse, Chief Operating Officer
Mr. Chris Padgett, Interim Assistant City Manager