

Joint City/GUC Pay & Benefits Committee

Tuesday, March 21, 2023

3:00 p.m.

GUC Board Room

- I. Call to Order
- II. Approval of the Agenda
- III. Approval of Minutes – August 29, 2022 and September 12, 2022
- IV. Consideration of Market Adjustment/Merit Program for FY 2023-2024
- V. Consideration of Salary Structure Adjustment
- VI. Consideration of Annual Vacation Accrual
- VII. Next Steps
- VIII. Adjournment

**PROPOSED MINUTES
JOINT PAY & BENEFITS COMMITTEE
MONDAY, AUGUST 29, 2022**

The Joint Pay & Benefits Committee of the City of Greenville and the Greenville Utilities Commission met on Monday, August 29, 2022, at 3:00 p.m. in the GUC Board Room, located at 401 S. Greene Street.

Committee Members Present

Commissioner Peter Geiger, Greenville Utilities Commission
Mayor Pro-Tem Rose Glover, City of Greenville
Commissioner Lindsay Griffin, Greenville Utilities Commission
Council Member Rick Smiley, City of Greenville

Committee Members Absent

None

Staff Present

Tony Cannon, General Manager/Chief Executive Officer, Greenville Utilities Commission
Phil Dixon, General Counsel, Greenville Utilities Commission
Leah Futrell, Human Resources Director, City of Greenville
Ken Graves, Assistant Manager, City of Greenville
Steve Hawley, Public Information Officer/Communications Manager, Greenville Utilities Commission
Leah Herring, Human Resources Business Partner, Greenville Utilities Commission
Chris Padgett, Assistant General Manager/Chief Administrative Officer, Greenville Utilities Commission
Lou Norris, Secretary to the General Manager/CEO, Greenville Utilities Commission
Lena Previll, Senior Human Resources Manager, Greenville Utilities Commission
Krystal Roebuck, Administrative Assistant, City of Greenville
Valerie Shiuwegar, City Clerk, City of Greenville
Richie Shreves, Human Resources Director, Greenville Utilities Commission
Amy Wade, Executive Assistant to the General Manager/CEO, Greenville Utilities Commission
Ann Wall, City Manager, City of Greenville

Others Present: Steve Graybill, Mercer Consultant; Ginger Livingston, The Daily Reflector

CALL TO ORDER

City Manager Wall called the meeting to order at 3:08 p.m.

APPROVAL OF THE AGENDA

Commissioner Geiger made a motion to approve the agenda as presented. Council Member Smiley seconded the motion and it carried unanimously.

APPROVAL OF THE MINUTES

Council Member Smiley made a motion to approve the minutes from the March 22, 2022 Joint Pay & Benefits Committee. Mayor Pro-Tem Glover seconded the motion and it carried unanimously.

MERCER PRESENTATION

Mr. Steve Graybill, Consultant with Mercer Consulting, provided a proposed 3-year strategy to the Committee:

2023 Plan Year

- Target 80% ER/ 20% EE cost share. Continue to monitor market for shifts in strategy
- Maintain plan designs – consider minor changes to align with benchmarks
- Review care management enhancements through medical carrier or outside point solutions
- Review HSA incentives and adjust based on market data – continue initial and ongoing incentives
- Continued promotion of onsite clinics (ECU Health)

2024 Plan Year

- Continue 80%/20% cost share target
- Review carrier lineup and ensure that all carriers align with current goals
- Evaluate return on investment (ROI) on implemented point solution(s) - decide whether to continue or discontinue
- Promote onsite clinic initiatives – growing awareness and drive wellness activities to solution
- Review population trends and add point solution(s) to address current market cost drivers as necessary

2025 Plan Year

- Continue 80%/20% cost share target

- Review carrier lineup and ensure that all carriers align with current goals
- Ongoing monitor of plan cost to maintain appropriate actuarial balance to minimize selection risk
- Continue evaluation of new offerings in the market that make sense based on data analysis

Mr. Graybill noted contributing factors driving costs up:

- Increased number in outpatient surgeries that had been postponed due to the COVID pandemic
- Anticipated increase in claims
- Increase in outpatient procedures

He stated that premiums had held for three years, which is not common, and would need to be increased at a recommended rate of 5% for employees with just employee coverage, and 11% for employees with dependents. Plan designs would stay the same with slight adjustments to co-pay amounts for office visits and prescriptions. He stated that the employee health clinics had been a major contributing factor in keeping premiums steady for the past three years, and the plan would continue to promote the services of the on-site clinics.

DISCUSSION OF JOINT COMMITTEE RECOMMENDATIONS

After a Committee discussion, Council Member Smiley made a motion to recommend that the Greenville Utilities Commission Board and City Council adopt staff recommendations regarding health insurance. Commissioner Geiger seconded the motion and it carried unanimously.

Mr. Graybill stated dental insurance did not need an increase and recommended that the rates stay the same.

Mayor Pro-Tem Glover made a motion to recommend that the GUC Board and City Council adopt staff recommendations regarding dental insurance. Commissioner Griffin seconded the motion and it carried unanimously.

NEXT STEPS

Recommendations from the Committee on the Health and Dental Benefits will be presented to the City Council and the GUC Board of Commissioners at the Joint meeting scheduled for September 19, 2022, at 6:00 p.m. in the City Hall Chambers.

City Manager Wall stated the Committee would meet again on September 12, 2022, at 3:00 p.m. to discuss the True-Up Study and recommend changes.

ADJOURN

Council Member Smiley made a motion to adjourn. Hearing no objections, the meeting adjourned at 3:26 p.m.

Respectfully Submitted,

Valerie Shiuwegar
City Clerk

PROPOSED MINUTES
JOINT PAY AND BENEFITS COMMITTEE
MONDAY, SEPTEMBER 12, 2022

The Joint Pay and Benefits Committee of the City of Greenville (COG) and the Greenville Utilities Commission (GUC) held a meeting in the GUC Board Room located on 401 S. Greene Street, Greenville, NC on Monday, September 12, 2022, at 3:00 p.m.

Committee members present included Council Member Rick Smiley, Mayor Pro-Tem Rose Glover, and GUC Commissioners Peter Geiger and Lindsey Griffin.

Other City officials and staff present included City Manager Ann E. Wall, Assistant City Manager Ken Graves, Deputy City Manager Michael Cowin, Director of Human Resources Leah Futrell, Director of Financial Services Byron Hayes (via conference call), Human Resources Manager Steven Brewington, City Clerk Valerie Shiuwegar, Administrative Assistant Krystal Roebuck, Communications Manager/Public Information Officer Brock Letchworth.

Other GUC officials and staff present included General Manager/CEO Tony Cannon, Assistant General Manager/Chief Administrative Officer Chris Padgett, Director of Human Resources Richie Shreves, Senior Human Resources Manager Lena Previll, Human Resources Business Partner Leah Herring, Executive Assistant to the General Manager/CEO Amy Wade, General Counsel Phil Dixon, Public Information Officer/Communications Manager Steve Hawley, and Secretary to the General Manager/CEO Lou Norris.

Others present included Segal Consultants Ruth Ann Eledge and Mary Ann Edwards.

ITEM I-CALL TO ORDER

Ann Wall called the meeting to order at 3:00 p.m. and a quorum was ascertained.

ITEM II-APPROVAL OF THE AGENDA

Council Member Smiley moved to accept the agenda. Mayor Pro-Tem Glover seconded the motion, which passed by unanimous vote.

ITEM III-SEGAL PRESENTATION: RECOMMENDATION ON 2022 COMPENSATION STUDY

City Manager Ann Wall introduced Ms. Ruth Ann Eledge and Ms. Mary Ann Edwards with the Segal Consulting Group and asked them to present an update on the 2022 compensation study.

The objective of this Five-Year True-Up Market Study is to establish a compensation program that promotes the successful recruitment and retention of highly qualified and talented leaders and staff who serve customers and the community.

Goals of the study include structure recommendations that are market competitive and internally equitable, provide opportunities for career/pay growth and are financially sustainable.

There were four phases of the study:

1. **Measure** where market is and collect data (market base pay, supplemental pay, and best pay practices)
2. **Align** pay schedule with current market pay levels and the market philosophy
3. **Develop** implementation strategy to improve the competitive position in a fiscally responsible manner
4. **Adopt** pay structure that applies to both organizations and implement using method that aligns to the unique goals and objectives of GUC and the COG.

Ms. Edwards explained the methodology of identifying the benchmark jobs, determining appropriate survey sources, creating a survey to obtain data for market pricing, and performing the market analysis from the data that was received.

There were 134 benchmark jobs selected from a variety of occupations, grade levels and departments (57 City jobs, 20 shared jobs, 57 Utility jobs). This was designed to represent all occupations and departments within the COG and GUC, and represents 60% of the total employee population.

Three market segments were included in the custom survey, representing a key aspect of the City's and/or the Utilities' competitive market. They included 15 public sector employers, 7 utility service providers, and 6 published survey data sources. The market study included survey questions related to base pay (benchmark jobs and range minimums and maximums), supplemental pay, and pay practices (salary structure, pay progression process, structure adjustments.) Segal received 100% response from surveys.

The results indicated the current aggregate pay structure is 8% behind market. Ms. Edwards noted that 45% of employees are within competitive range, which is within 90-110% of the median. There were 53% below the competitive range and 2% are above the market median.

The proposed new pay structure methodology emphasizes market competitiveness and will better align GUC and the COG pay structure with the market and maintain a competitive position. It is recommended to update the unified general pay structure on January 1, 2023, using the following approach.

General pay structure:

- Combine the first two pay ranges (range 105 and 106) and maintain 22 open ranges
- Adjust the current range structure by 10.1% (8% market adjustment based on market assessment survey completed in spring of 2022) and 2.1% structure adjustment based on WorldatWork 2022 projected average structure adjustment

- Adjust range width to 55% from Minimum to Maximum to better reflect market (range width is currently 50%)
- Update midpoint progression.
- Change the grade placement of 133 jobs (approximately 31% of all positions) to better reflect their market value

To better align GUC and the City's pay structure with the market and maintain a competitive position, it is recommended to update the sworn pay structures using the following approach.

Police Pay Structure:

- Retain 8 pay ranges in the Sworn Police pay structure based on market average rates
- Average Survey Minimums to determine Range Minimum for each grade and aligning Maximums to Average Survey Maximums
- Range width varies from 19% to 58%, depending on rank, and based on matching the average range width among peers by rank (current range width varies from 19% to 50%)
- The change in range Minimum from old to new structure averages 3.35%

Fire/Rescue Pay Structure:

- Retain 12 pay ranges in the Sworn Fire/Rescue pay structure based on market average rates
- Average Survey Minimums to determine Range Minimum for each grade and aligning Maximums to Average Survey Maximums
- Range width varies from 5% to 50%, depending on rank, and based on matching the average range width among peers by rank (same as current)
- The change in range Minimum from old to new structure averages 4.25%

Ms. Eledge stated that the recommendation would need to be adopted by the committee and recommended to the full Greenville Utilities Commission Board of Commissioners and City Council of the City of Greenville, with each entity implementing the recommendation effective January 1, 2023.

The implementation options vary based on the costs. Three options were discussed by staff and staff recommends (option 2) a decompression strategy using (uncapped) time in position to differentiate. This allows for 3% above minimum progression per successful year in the position.

Commissioner Geiger asked about the other options and Ms. Eledge noted that there could be lots of options but there may not be performance data available. The market rate is an average.

City Manager Wall noted that the vast majority affected with this plan are in the lower and middle pay ranges. The COG used this technique at 1.5% in the last True Up study in 2015. The 2015 true up did not address the compression issue nor was it capped at midpoint.

The decompression approach to implementing the new pay structure would move employee salaries into the new pay range based on their length of time in the job. The following would be part of the implementation process:

- Replace the current pay schedules with the new schedules

- Adjust employee salaries to 5% above Minimum (as necessary) to create differentiation with new hires after implementation
- Place each employee at a position in range based on time in position or current salary, whichever is greater
- Each year is “worth” 3% above Minimum for plan implementation

An appendix was provided that showed the current pay structure and the proposed current pay structure comparison for the City and GUC General Pay Structure, and the City Fire/Rescue Pay Structure.

A cost summary was provided including the adjustment to 5% above new range minimum and compression adjustment, and time in position adjustment. City Manager Wall and GUC General Manager Tony Cannon both indicated that money was budgeted in anticipation of a possible implementation.

ITEM IV-DISCUSSION OF JOINT RECOMMENDATIONS

Upon motion by City Council Member Smiley and second by Commissioner Geiger, the Committee unanimously moved to approve the recommendations from Segal 2022 Compensation Study, using the de-compression strategy using time in position to differentiate with no cap, effective January 1, 2023.

ITEM V-NEXT STEPS

Recommendations from the compensation study will be presented to the City Council and the GUC Board of Commissioners at the Joint Meeting scheduled for September 19, 2022, at 6:00 p.m. in the City Hall Chambers.

City Manager Wall thanked the Segal consultants and staff who worked through the different information and reviewed the survey data.

GUC General Manager Cannon inquired about how often this type of a study should be completed. Ms. Eledge stated that this type of study should be completed every 3 to 5 years and to continue with WorldatWork data to review structure adjustments.

ITEM VI-ADJOURNMENT

There being no further discussion and without objection, City Manager Wall adjourned the Joint Pay and Benefits Committee meeting at 4:16 p.m.

Respectfully submitted,

Amy Carson Wade, Executive Secretary

MEMORANDUM

TO: Joint City/GUC Pay and Benefits Committee

FROM: Ann E. Wall, City Manager *AEW*
Anthony C. Cannon, General Manager/CEO *Ac*

DATE: March 16, 2023

SUBJECT: Joint City/GUC Pay and Benefits Committee Meeting Items

The next meeting of the Joint City/GUC Pay and Benefits Committee is scheduled for Tuesday, March 21, 2023, beginning at 3:00 p.m. in the Board Room at GUC. A copy of the Meeting Agenda is enclosed for your review.

Pay Philosophy

In order to mitigate pay compression and to attract and retain high-performing employees, the City Council and Greenville Utilities Commission's Board of Commissioners use an "at market" pay philosophy. As such, both organizations strive to pay at market and adjust the salary structures as needed to maintain market competitiveness. This enhances the City's and GUC's ability to recruit and retain qualified and high-performing employees. This is especially important in today's increasingly competitive and tightening labor market.

Market Adjustment/Merit Allocation

Like many other public- and private-sector employers, the City and GUC have experienced significant issues with the recruitment and retention of qualified staff. As a result, the City and GUC engaged a consultant, Segal, to perform a True Up Market Study ("Study") last year. The Study was similar in scope to the True Up Market Study that was conducted in 2015 with Segal surveying peer organizations to collect compensation data related to 134 positions within the City and GUC. The peer organizations and benchmark positions were collectively identified by the City and GUC. In all of these efforts, the objective is to develop and 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.

The results of the Study showed our general Pay Plan's midpoints lagged the market when compared to industry peers and published data sources, with more than half of the surveyed positions found to be below market. As such, the City and GUC adjusted all pay structures to maintain market competitiveness. Going forward, the Consultant advised that the City and GUC pay careful attention to projected pay structure adjustments in order to keep pace with market wage trends.

The City and GUC have traditionally used Catapult's (formerly CAI) index as the primary benchmark guide for establishing the market as it relates to wage growth. It is noteworthy that Catapult's projections for the last three years have been fairly representative of area trends, with actual public and private sector increases being slightly greater than Catapult's projections by an average of .7% and .1%, respectively. This is significant given the robust labor market recovery post COVID-19. In addition to public-sector organizations and local private-sector employers,

staff has included data from other reputable surveys to ensure that Catapult is truly representative of the market. Following is data collected from these sources:

Survey Company	Projection
Catapult (fka CAI)*	3.5%
Economic Research Institute (ERI)	3.78%
Korn Ferry	4-4.5%
Mercer	4.2%
The Conference Board	4.3%
Willis Towers Watson	4.6%
WorldatWork	4.1%

**COG and GUC have traditionally used Catapult (fka CAI) as the primary benchmark guide*

As depicted in the chart above, 2023 wage projections and trends among all these surveys are relatively consistent, collectively averaging 4.1%.

In addition to gathering published survey projections, COG and GUC staff also surveyed our established benchmark public sector organizations and several local private employers to determine their plans related to compensation decisions for FY 2023-2024.

- **Public-sector benchmark organizations:** The public-sector benchmark organizations are comprised of 26 municipalities and utilities. Of the organizations that responded, 17 gave their employees pay increases in FY 2022/23; the average actual increase was 5.2% (market and/or merit). Most of the benchmark organizations are in the process of developing their FY 2023/24 budgets and have not made a decision regarding pay increases. Of the 4 organizations that have responded, the average pay increase projection for FY 2023/24 is 5.7% (market and/or merit).
- **Local private employers:** For FY 2023/24, 27 private-sector employers were surveyed. Of the 10 employers that responded, they are projecting pay increases that average 4.8% (market and/or merit). Those same employers reported actual increases averaging 4.8% (market and/or merit) last year.

GUC/COG Combined Market and Merit Adjustment Benchmark History

Fiscal Year	Catapult (formerly CAI)	Private Sector	Public Sector	GUC	COG
20/21	2.5%	2.1%^	2.2%^	2.0%	2.0%
21/22	3.1%	2.7%	3.9%	2.0%	2.0%
22/23	3.8%	4.8%	5.2%	4.0%	4.0%
23/24	3.5%*	4.8%*	5.7%*	TBD	TBD

**Projections per Catapult's NC Wage and Salary Survey. The private & public sector data represents projections collected during the Spring of each year as part of the Pay & Benefits planning process.*

^Due to the Pandemic, no public or private sector data was collected in 2020; however, actuals for 2020 were collected in early 2021 as part of the Pay & Benefits planning process.

GUC/COG Combined Market and Merit Adjustment History

Fiscal Year	Annual		Combined
	Market	Merit	
20/21 (GUC)	.5%	1.5%	2.0%
(COG)	.5%	1.5%	2.0%
21/22 (GUC)	.5%	1.5%	2.0%
(COG)	.5%	1.5%	2.0%
22/23 (GUC)	2.5%	1.5%	4.0%
(COG)	1.0%	3.0%	4.0%

Recommendation

In order to maintain market competitiveness, staff recommends that the City and GUC fund an employee pay adjustment of 2% for FY 2023-2024, applied as deemed appropriate by each entity.

Salary Structure Adjustment

WorldatWork projects salary structures to increase by 2.7% for 2023. The City and GUC have historically used 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. City and GUC salary structures were adjusted by 2.1% in July 2022 in accordance with the 2022 WorldatWork projection and midpoints for the general pay structure were adjusted by 8% effective January 1, 2023 as a result of the Compensation Study. Prior to these two adjustments, salary structures had not been updated since FY 2019/20 which significantly impacted market competitiveness.

Recommendation

Given the current market conditions, coupled with the recommendations from the Compensation Study Consultant, staff recommends that the City and GUC adjust the salary structure by 2% for FY 2023-2024.

We look forward to seeing you at the upcoming Committee Meeting on March 21, 2023 at 3:00 p.m.

cc: Chris Padgett, GUC Assistant General Manager/Chief Administrative Officer
Ken Graves, COG Assistant City Manager
Richie Shreves, GUC Director of Human Resources
Leah Futrell, COG Director of Human Resources

MEMORANDUM

TO: Joint City/GUC Pay and Benefits Committee

FROM: Ann E. Wall, City Manager *AEW*
Anthony C. Cannon, General Manager/CEO *ACC*

DATE: March 16, 2023

SUBJECT: Joint City/GUC Pay and Benefits Committee Meeting Item

Vacation accrual rates for the City and GUC have not been adjusted in many years, causing our vacation accrual rates to lag the market when compared to our benchmarks. The comparison to Pitt County Government, a local benchmark, is as follows:

Annual Vacation Comparison - General Employees
(Hours Accrued Based on Years of Service)

	5 years	10 years	15 years	20 years
Greenville/GUC	120	144	144	168
Pitt County	132	156	180	204

denotes no change

To continue to effectively recruit and retain qualified and high-performing employees, staff recommends a change in the vacation accrual rates to mirror Pitt County Government’s five through 20 years annual accrual rates. General employees with less than five years of service will continue to accrue 96 hours per year until they reach five continuous years of service. Fire/Rescue employees working a 56-hour work schedule will accrue a proportional amount of vacation leave, while designated part-time employees will accrue vacation leave on a pro-rated basis in accordance with policy. This recommended change to the vacation accrual rates will recognize and reward employees for their dedicated service to the City and GUC.

The maximum vacation leave that can be carried forward as of December 31st each year is limited to the leave time than can be earned in two calendar years. After this accumulation, excess vacation leave is transferred to sick leave. Any payments and retirement credits for accumulated vacation leave are subject to the two-year maximum accumulation. Because of this cap, it is estimated that the City’s and GUC’s annual cost for the adjusted vacation accrual rates will not exceed \$56,500 and \$52,570, respectively. This additional annual cost is a “worst-case scenario” because it assumes that employees will be paid out the maximum accumulation at the time of separation. A more likely scenario is that the additional cost for the vacation leave will

be less than half of these estimated payouts because the majority of employees are not paid out the maximum accumulation at the time of separation.

There would not be any additional cost impact when employees with less than five years of service terminate employment due to no recommended change in the vacation accrual rate for employees with less than five years of service.

We look forward to seeing you at the upcoming Committee Meeting on March 21, 2023 at 3:00 p.m.

cc: Ken Graves, COG Assistant City Manager
Chris Padgett, GUC Assistant General Manager/Chief Administrative Officer
Leah Futrell, COG Director of Human Resources
Richie Shreves, GUC Director of Human Resources