

Joint Greenville City Council/Greenville Utilities Commission Board Meeting

Monday, April 24, 2023
6:00 p.m.
City Hall Council Chambers
200 West Fifth Street

1. Call Meeting to Order – Mayor Connelly
Call Meeting to Order – Chair Darden
2. Approval of Agenda – City Council
Approval of Agenda – Greenville Utilities Commission
3. Public Comment Period – For issues that are germane to both the City Council and the 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.

4. Approval of Minutes from the September 19, 2022 Joint City Council-Greenville Utilities Commission Board Meeting
5. Consideration of Market Adjustment/Merit Allocation for FY 2023-24
6. Consideration of Salary Structure Adjustment for FY 2023-24
7. Consideration of Annual Vacation Accrual
8. Adjournment – Greenville Utilities Commission
Adjournment – City Council

**PROPOSED MINUTES
JOINT MEETING OF THE GREENVILLE CITY COUNCIL
AND GREENVILLE UTILITIES COMMISSION BOARD
MONDAY, SEPTEMBER 19, 2022**

The Greenville City Council and Greenville Utilities Commission Board met on Monday, September 19, 2022, at 6:00 p.m. in the Council Chambers, located on the third floor of City Hall at 200 W. Fifth Street.

City Council Members Present

Mayor P.J. Connelly
Mayor Pro-Tem Rose Glover
Council Member Monica Daniels
Council Member Marion Blackburn

Council Member Rick Smiley
Council Member Les Robinson
Council Member Will Bell

City Council Members Absent

None

City Staff Members Present

City Manager Ann Wall
City Attorney Emanuel McGirt
City Clerk Valerie Shiuwegar
Deputy City Manager Michael Cowin

Assistant City Manager Ken Graves
Deputy City Clerk Camillia Smith
Human Resources Director Leah Futrell
Administrative Assistant Krystal Roebuck

Greenville Utilities Commission Members Present

Chair Kelly Darden
Commissioner Tommy Stoughton
Commissioner Marcus Jones
Commissioner Kristin Braswell

Commissioner Peter Geiger
Commissioner Lindsay Griffin
City Manager Ann Wall

Greenville Utilities Commission Members Absent

Commissioner Ferrell Blount

Greenville Utilities Commission Staff Present

General Manager/CEO Tony Cannon
General Counsel Phil Dixon
Assistant General Manager/CAO Chris Padgett
Executive Assistant to the General Manager/CEO Amy Wade

Secretary to the General Manager/CEO Lou Norris
Director of Human Resources Richie Shreve
Communications Manager/PIO Steve Hawley

Others Present:

Mr. Parker Cramer, Ms. Ruth Eledge, Ms. Mary Ann Edwards

I. Call to Order

Mayor Connelly called the meeting of the City Council to order and called for a roll call. City Clerk Shiuwegar called roll and confirmed a quorum of City Council Members present.

Chair Darden called the meeting of the Greenville Utilities Commission (GUC) to order and called for a roll call. Executive Assistant to the General Manager/CEO Wade called roll and confirmed a quorum of GUC Commissioners present.

II. Approval of the Agenda

Council Member Smiley made a motion to approve the agenda as presented. Council Member Bell seconded the motion and the City approved the agenda unanimously.

Commissioner Geiger made a motion to approve the agenda as presented. Commissioner Griffin seconded the motion and the GUC Commission approved the agenda unanimously.

III. Public Comment Period

Mayor Connelly opened the Public Comment Period at 6:05 p.m.

Mr. Jeff McKinnon

Mr. McKinnon requested that GUC post the pros and cons of natural gas on its website. He stated concerns about greenhouse gases and asked that GUC consider measures for residential solar power.

Mayor Connelly called for additional speakers to come forward. Seeing none, he closed the Public Comment Period at 6:09 p.m.

IV. Approval of the Minutes

Council Member Smiley made a motion to approve the minutes from the April 25, 2022 Joint City Council – GUC Meeting as presented. Council Member Bell seconded the motion and the City Council unanimously approved.

Commissioner Griffin made a motion to approve the minutes from the April 25, 2022 Joint City Council – GUC Meeting as presented. Commissioner Geiger seconded the motion and the GUC Board unanimously approved.

V. Joint Pay & Benefits Committee Recommendation on Plan Year 2023 Health and Dental Benefits

Mr. Parker Cramer, Consultant with Mercer Consulting, advised that insurance rates had held steady for the past three years, but because costs were returning to more normal levels post-pandemic, rates would need to be increased this year to sustain optimal cost-share targets. Proposed measures included a slight increase in co-pays and a 5% plan increase for employees and an 11% increase for employees with dependents. He stated that the plan would continue to

encourage the utilization of on-site employee clinics. Mr. Cramer stated that there were no proposed increases to dental plans.

Following a general discussion of the proposed changes, Council Member Smiley made a motion to accept staff recommendations for the City. Council Member Bell seconded the motion and it passed by a unanimous vote of the City Council.

Commissioner Geiger made a motion to accept staff recommendations for GUC. City Manager Wall seconded the motion and it passed by a unanimous vote of the Greenville Utilities Commission.

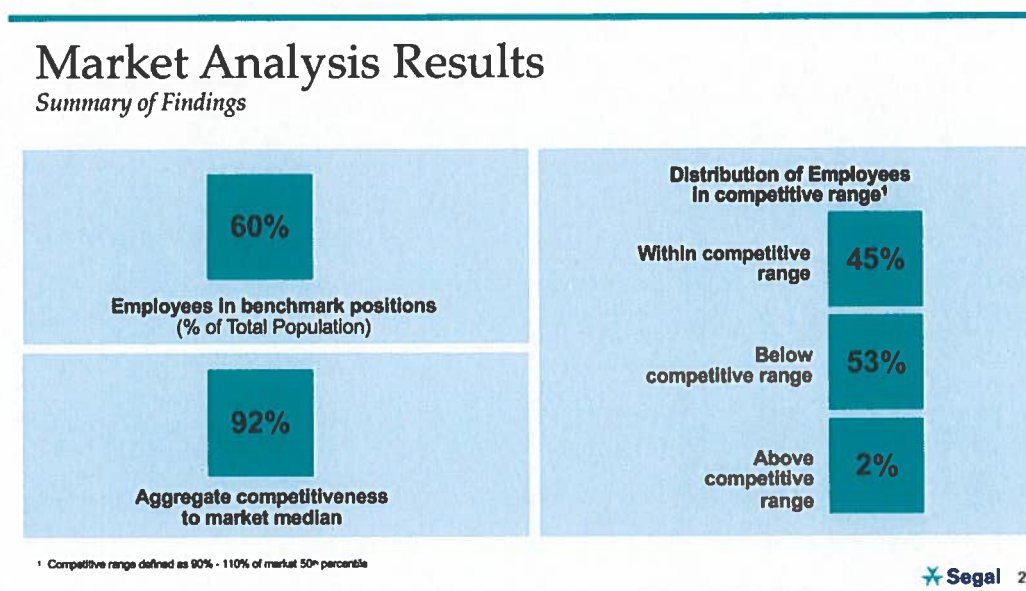
VI. Joint Pay and Benefits Recommendation on 2022 Compensation Study

Ms. Ruth Ann Eledge and Ms. Mary Ann Edwards with Segal provided an overview and the findings of the compensation study. The study was comprised of three foundational components:

1. Market competitiveness and internal equity
2. Opportunities for career and pay growth
3. Financial stability and fiscal responsibility

Benchmarks had been taken from surveys, the public sector, utility service providers, and published surveys with the goal of establishing base pay and ranges. Other factors such as incentives and pay practices had also been examined.

The findings were presented:



To better align the City of Greenville and Greenville Utilities Commission's pay structure with the market and maintain a competitive position, Mercer Consulting recommended updating the unified general pay structure using the following approach:

General Pay Structure

- Combine the first two pay ranges and maintain 22 open ranges
- Adjust current range structure by 10.1%
 - 8% market adjustment based on market survey in Spring of 2022
 - 2.1% structure adjustment based on World@Work 2022 projected average structure adjustment
- Adjust range width from minimum to maximum to 55% to better reflect market (currently 50%)
- Midpoint progression (i.e., the change in range midpoints from one grade to the next) increases gradually from 5% to 10% through the pay structure
- Change the grade placement of 133 jobs (~31%) to better reflect their market value

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 Minimum 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%

Overall costs of the proposed changes were estimated at approximately \$2.6 million. Financial Services Director Byron Hayes stated that there is an additional \$1 million that had been factored in from the first year's cost, along with approximately \$400k from excess insurance holdings. He stated that implementing the plan in January would bring the City and GUC to half of the total needed, including benefits.

Staff stated that the market has moved in a way that has not been seen before and a 10.1% increase would bring the City and GUC back to market. Staff noted that certain positions were

seeing vacancies across the board and further analysis would be needed to understand what can be done for salary and staff retention.

Council Member Smiley made a motion to approve staff recommendations for the City. Council Member Blackburn seconded the motion and it carried by a unanimous vote of the City Council.

Commissioner Braswell made a motion to approve staff recommendations for GUC. Commissioner Jones seconded the motion and it carried by a unanimous vote of the Greenville Utilities Commission.

VII. Adjournment

Hearing no further discussion, Mayor Connelly called for a motion to adjourn the meeting of the City Council. Council Member Robinson made a motion to adjourn the meeting. Council Member Blackburn seconded the motion and it carried unanimously by a vote of the City Council.

Hearing no further discussion, Chair Darden called for a motion to adjourn the meeting of the Greenville Utilities Commission. Commissioner Griffin made a motion to adjourn the meeting. Commissioner Geiger seconded the motion and it carried unanimously by a vote of the Greenville Utilities Commission.

The meeting adjourned at 7:38 p.m.

MEMORANDUM

TO: Mayor and City Council
Greenville Utilities Board of Commissioners

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

DATE: April 19, 2023

SUBJECT: Joint City/GUC Pay and Benefits Committee Recommendations for FY 2023-24

The Joint City/GUC Pay and Benefits Committee met on March 21, 2023. The result of this meeting was the following recommendations to be considered by City Council and GUC Board of Commissioners at their upcoming Joint Meeting scheduled for Monday, April 24, 2023, at 6:00 p.m.

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.

The results of the Study were implemented effective January 1, 2023 utilizing a "decompression" approach whereby impacted employees' salaries were adjusted based on the length of time in their position. Additionally, employees whose salaries were less than the new range minimum were increased to 5% above the new range minimum so that the pay of new employees would not be greater than the pay of incumbents. Because the results of the Study were implemented for the second half of FY 2022-23 (i.e., January 1, 2023), the changes represented an overall pay adjustment of 2.23% for COG/GUC employees receiving pay adjustments, which included time-in-position adjustments to address pay compression. Most of the adjustments impacted employees in the lower and middle pay ranges. 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 Study also 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 effective to maintain market competitiveness. General pay structures were adjusted by 8%, whereas Police and Fire/Rescue pay structures were adjusted by 3.35% and 4.25%, respectively. 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.

COG/GUC Combined Market and Merit Adjustment Benchmark History					
Fiscal Year	Catapult (formerly CAI)	Private Sector	Public Sector	COG	GUC
2020-21	2.5%	2.1%^	2.2%^	2.0%	2.0%
2021-22	3.1%	2.7%	3.9%	2.0%	2.0%
2022-23	3.8%	4.8%	5.2%	4.0%*	4.0%*
2023-24	3.5%*	4.8%**	5.7%**	TBD	TBD

^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.

**These adjustments do not reflect changes from the 2022-23 True Up Study.*

***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.*

COG/GUC Combined Market and Merit Adjustment History			
Fiscal Year	Annual		Combined
	Market	Merit	
2020-21 (COG) (GUC)	.5%	1.5%	2.0%
	.5%	1.5%	2.0%
2021-22 (COG) (GUC)	.5%	1.5%	2.0%
	.5%	1.5%	2.0%
2022-23 (COG) (GUC)	1.0%	3.0%	4.0%*
	2.5%	1.5%	4.0%*

**These adjustments do not reflect changes from the 2022-23 True Up Study.*

Recommendation

In order to maintain market competitiveness, the Joint Committee 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, the Joint Committee 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 Joint Meeting on April 24th at 6:00 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

MEMORANDUM

TO: Mayor and City Council
Greenville Utilities Board of Commissioners

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

DATE: April 19, 2023

SUBJECT: Joint City/GUC Pay and Benefits Committee Recommendation for FY 2023-24

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 benchmark organizations is attached. 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, the Joint Committee recommends a change in the vacation accrual rates to mirror Pitt County Government's 5 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 shift employees 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 that 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 Joint Meeting on April 24th at 6:00 p.m.

Attachment

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

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

	5 years	10 years	15 years	20 years
Greenville/GUC	120	144	144	168
Asheville	120	143	165	188
Cary	144	168	192	216
Concord	120	144	168	192
Gastonia	136	160	184	208
High Point	120	144	160	192
Pitt County	132	156	180	204
Wilmington	141	165	184	184
<i>mode</i>	120	144	184	192
<i>median</i>	126	150	174	192
<i>average</i>	129	153	172	194

denotes no change

Amounts reflected for Wilmington are averages due to different accrual rates for non-exempt, exempt, and executive employees. Amounts for Cary and Gastonia updated since NCLM Benefits and Employment Policy Survey 2020-2021.