

**CITY OF LAURINBURG
SPECIAL MEETING
FEBRUARY 6, 2012
MUNICIPAL BUILDING
303 WEST CHURCH ST.
6:30 P.M.**

Minutes

The City Council of the City of Laurinburg held a special meeting on February 6, 2012 at 6:30 p.m. in the council room of the Municipal Building with the Honorable Thomas W. Parker, III, presiding. The following Councilmembers were present: Mary Jo Adams, Curtis B. Leak, Herbert M. Rainer, Jr., Kenton Spencer and Andrew G. Williamson, Jr.

Also present were Edward F. Burchins, City Manager; Jennifer A. Tippet, City Clerk; and Robert F. Bell, Jr., Human Resources/Risk Management Director.

Mayor Parker called the meeting to order at 6:32 p.m. Councilmember Williamson gave the invocation.

The City Manager explained that a Pay and Classification Plan prepared by Springsted, Incorporated would be presented by Mr. John Anzivino and Ms. Stephanie Davis. He added that this study was conducted under contract with the North Carolina League of Municipalities.

Mr. Anzivino explained that the study contained a lot of information and therefore, he suggested a second work session to answer any questions Council may have after council members have had time to review the study. He then discussed the following:

- Objectives of the study
- Terminology used in the study
- The methodology used in conducting the study

Ms. Davis discussed the findings of the study which were as follows:

- The City has done a good job of maintaining the compensation plan
- Internal pay relationship inequities exist within the City
- Some City departments are experiencing difficulty recruiting and retaining employees
- Lack of pay increases is frustrating
- Employees like working for the City of Laurinburg and take pride in their work

Mr. Anzivino discussed the following:

- Pay Philosophy

- Salary survey results and the benchmark communities used in the survey

Mr. Anzivino explained that the study used benchmark communities more regionally-based.

Ms. Davis discussed the salary survey results and the proposed pay scale. She added that the study revealed that eight (8) positions were not classified properly and needed to be moved up at least one (1) grade.

Upon question by Councilmember Leak, Ms. Davis explained that the results were based upon minimum requirements, education level, special certifications, and training necessary to do a job.

She then explained that based upon the market survey, the Plan recommended that two (2) positions be decreased in paygrade – the Police Chief and Treatment Plants Director. She added that currently the Police Chief is serving dual roles, Police Chief and Fire Chief, and the additional duties as Fire Chief were not included in the market survey.

Upon question by Mayor Parker, Ms. Davis explained that there is no margin of error.

Mr. Anzivino added that it is not customary to establish a margin of error in preparing Pay and Classification Studies.

Upon question by Mayor Parker, Ms. Davis explained that the title and job description of each position is included in the survey sent to the benchmark communities.

A discussion ensued concerning the Fire Chief position being a volunteer position and viewed as collateral duties of the Police Chief position.

The City Manager explained that when the current Police Chief took the position, the amount that had been paid to previous volunteer Fire Chiefs was added to the Police Chief's salary.

Ms. Davis then explained the proposed salary curve.

Mr. Anzivino provided a brief history and explanation of the Systematic Analysis and Factor Evaluation (SAFE[®]) System used in conducting the Pay and Classification Study.

Mr. Anzivino then discussed the City's step plan and that there is a 5% differential between grades. He added that the proposed Pay and Classification Plan increased from 28 grades to 30 grades and also changes the steps from 5% to 2.5% increases.

Upon question by Mayor Parker, Mr. Anzivino explained that he would have to pull the data to provide the benchmark community with the highest salaries.

Upon question by Councilmember Spencer, Mr. Anzivino explained that the tax base information was used to select the benchmark communities to survey.

The City Manager explained that the benchmark communities were chosen because they are in the job market area. He added that the demographics and economic situations were also considered to ensure that communities similar to Laurinburg were used.

Councilmember Spencer explained that he was concerned about the burden on the taxpayers.

Mr. Anzivino stated that the study looked at comparable jurisdictions that could be found within the market area. He added that he did not know of any firm that adjusts Pay Plans based upon the community's ability to pay.

Ms. Davis explained that the next step is to recommend where employees should be placed on the proposed pay scale. She then discussed the options below:

- Option 1- Brings all employees to minimum of the proposed salary ranges
 - Eight (8) % of employees are paid below the minimum of the proposed salary ranges
 - Implementation on January 1, 2013 and to begin to resolve compression issue would be \$21,959.00
 - Annual cost equivalent to 0.78% of total payroll
 - Increases market comparability
- Option 2- Brings all employees on to new salary schedule; recognizes employee's years of service; and deals fully with salary compression issues
 - Implementation on January 1, 2013 would cost \$179,173.00
 - Annual cost equivalent to 6.36% of payroll

Mayor Parker explained that the market's dynamics are somewhat different than seven (7) years ago, and when people can't find jobs, then the starting salary should be lower to solve part of the compression issue.

Mr. Anzivino explained that when the market comparables are examined, the current pay ranges are seen. He added that he had not seen any entity adjusting downward.

Upon question by Mayor Parker, Mr. Anzivino explained that no private sector provided data for the Study.

Councilmember Leak expressed concern about the cost of Option 2.

Councilmember Spencer expressed concern that any pay adjustment be tied into equitable reviews and performance.

A discussion ensued concerning a merit system for compensation and an objective evaluation system.

Upon question by Mayor Parker, Mr. Anzivino explained that employees were frustrated because they are not able to advance through the ranks as everything is based on a cost of living basis.

A discussion ensued concerning cost of living adjustments.

Mayor Parker expressed concern that the lack of pay increases needs to be addressed but Council needs infinite accuracy.

Upon question by Councilmember Adams, Ms. Davis explained that a total of 133 employees would be impacted by Option 1, and a total of 134 employees would be impacted by Option 2. She added that those affected would be placed on the appropriate step in the proposed pay plan.

At 7:50 p.m. Mayor Parker called for a short break.

The meeting resumed at 7:55 p.m.

Mr. Anzivino discussed on-going administration of the proposed pay plan as follows:

- Establish guidelines for base adjustments
e.g. CPI, comparable organizations, other economic indicators
- Adjust pay ranges and wages of employees
- Adjustments that recognize individual employee performance

He also discussed the performance evaluation system in the City of Salisbury. He explained that there is a customized job evaluation for each job and each evaluation is tied to job functions in each job description. He added that the employee and supervisor work together to develop goals. He further added that a component of maintaining an evaluation system is training, particularly when supervisors have been promoted through the ranks and are very familiar with the individuals he is supervising.

Upon question by Councilmember Williamson, the City Manager explained that the City needed a merit-based system.

Upon question by Mayor Parker, Ms. Davis explained that longevity was not included in the fringe benefit analysis.

Ms. Davis presented the results of the survey regarding fringe benefits:

- Holiday leave-The City is below survey average. 10 days compared to 11

- Annual leave-The City is below survey average at the 0 to 6 months years of service. Otherwise consistent with survey.
- Sick leave-Consistent with survey average.
- Health insurance-Above the survey average for all coverage options.
- Retiree health insurance-Consistent with survey average for amount contributed but below survey average on required length of service for benefit.
- Life insurance-Consistent with survey average.
- Deferred compensation-Consistent with survey average.

Mr. Anzivino explained that adoption of the recommended plan will result in:

- Fair and equitable compensation to employees in a competitive and changing labor market
- Compensation that addresses internal equity and external market competitiveness
- Establishing a market position that is fiscally responsible with public resources
- Consistent administration of pay policies and procedures among all City Departments

A discussion ensued concerning the costs of a merit pay system.

Mayor Parker suggested that each member review the report, then Council meet to develop a list to provide Springsted prior to meeting again with Springsted representatives.

Councilmembers Leak and Rainer expressed opinion that the study was very well done and professional.

Motion was made by Councilmember Adams, seconded by Councilmember Williamson, and unanimously carried for councilmembers to review the report, then for Council to meet again to develop list of questions, and then for Springsted to return for a meeting with Council to answer Council's questions.

Following discussion, it was consensus of Council to meet on Tuesday, March 6, 2012 at 6:30 p.m. at the Barrett Building.

Motion was made by Councilmember Spencer, seconded by Councilmember Rainer, and unanimously carried to recess the meeting to Wednesday, February 8, 2012 at 6:30 p.m. in the council chambers of the Municipal Building located at 303 West Church Street.

The meeting recessed at 8:19 p.m.

Thomas W. Parker, III, Mayor

Jennifer A. Tippet, City Clerk