

**CITY OF LAURINBURG
SPECIAL COUNCIL MEETING
MARCH 20, 2012
W. CHARLES BARRETT BUILDING
305 WEST CHURCH ST.
LAURINBURG, NC
6:00 P.M.**

MINUTES

The City Council of the City of Laurinburg held a special meeting March 20, 2012 at 6:00 p.m. in the conference room of the W. Charles Barrett Building with the Honorable Thomas W. Parker III, Mayor, presiding. The following Councilmembers were present: Mary Jo Adams, Curtis B. Leak, Kenton T. Spencer (arrived at 6:05 p.m.), and Andrew G. Williamson, Jr. Councilmember Herbert M. Rainer, Jr. was absent from the meeting.

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

Also present were Mr. John Anzivino and Ms. Stephanie Davis of Springsted Incorporated.

Mayor Parker called the meeting to order at 6:00 p.m. Councilmember Adams gave the Invocation.

The City Manager introduced Mr. Anzivino and Ms. Davis of Springsted Incorporated. He explained that Council had reviewed the Pay and Classification Study at a previous meeting, and following further review Council had some questions and raised some issues to be addressed. Those questions/issues were as follows:

- Merit versus cost of living
- Effect on compression if two (2) steps were added to each paygrade on the lower end.
- Highest paid city of those surveyed

The City Manager explained that he asked Mr. Anzivino to look at two (2) issues:

- Police Chief is also serving as Fire Chief, see how other communities deal with this situation
- The study recommended reducing the Treatment Plants Director position two (2) steps. Very difficult to get someone with experience and certifications to run both the water and sewer treatment plants.

Mr. John Anzivino explained the following:

- Overall the City of Lumberton had most of the highest salaries; however it varied

depending upon the position and from locality to locality.

- Issue of merit versus cost of living. There are two (2) objectives involved in the compensation part of a Pay Plan. The first is to stay current with the market, and the second, as salaries begin to increase, employees are provided with cost of living increases to adjust with the market. Most localities utilize some type of merit pay system to reward employees, and some use a combination of merit and cost of living adjustments. He discussed different combinations of compensation.
- Since the City's employees have not had a pay increase in four (4) years, if the Pay Plan is adopted, this will bring salaries up to market.
- If the City wishes to adopt a merit system, it must be based on an objective system that is performance-based geared toward each specific job.

Mr. Anzivino further discussed the steps in developing a merit system of compensation. He provided an example of an evaluation used in a performance-based system.

Mr. Anzivino explained that adding steps at the lower end of the scale, some of the positions still fall below the minimum salary in the market already and adding the additional steps would adversely affect new employees as they move through the system. He added that this action would invalidate the data provided in the study.

Upon question by Mayor Parker, Mr. Anzivino explained that longevity pay was not considered a benefit but considered as a compensation practice. He added that eight of the localities that responded to the survey did provide Longevity Pay.

Upon question by Councilmember Williamson, Mr. Anzivino explained that merit pay is more common as localities are more cognizant that taxpayers' money is being used wisely. He added that performance has to be measurable. He discussed the difficulties in implementing a merit system including adequate training for supervisors, particularly when supervisors develop from within the organization.

Councilmember Leak explained that the City had moved away from merit pay due to fairness and equity issues.

Mr. Anzivino explained that with merit pay systems there are concerns with equity. He added that should the governing body decide to implement a merit system, it should require that an annual report is presented that shows how the merit increases are distributed.

Councilmember Spencer explained that he supports a merit pay system. He explained that the three (3) critical components are the processes, adequate training and understanding and adequate buy-in of the merit system.

Councilmember Adams explained that in the school system the merit pay system resulted in morale problems. She cautioned that the merit pay system needs to be well-developed with adequate training.

The City Manager explained that there are automated performance evaluation systems that are

ties to specific jobs and job performance which provide a more objective system. He discussed the current evaluation system used by the City.

Upon question by Councilmember Adams, Mr. Bell explained that if an employee is performing below standard, he would be given six (6) months to improve his performance during which time he would be monitored. He added that if at the end of the six (6) months, performance was not improved, the employee would be fired.

Councilmember Spencer discussed the value of 360 evaluations.

Mr. Anzivino explained that generational differences need to be considered. He added that the younger generation is interested in building their skill sets and in looking for opportunities to be challenged. He further added that the workplace will probably no longer see 30 year employees in the future.

Upon question by Councilmember Leak, Ms. Davis stated that the study revealed that the City's employees are very loyal and very vested in the City. She added that they do not want to feel like they are being taken advantage of and are frustrated with pay.

Mr. Anzivino added employees also expressed that as budgets diminished, items such as training were reduced leaving employees with a feeling that they were not trained as well as they should be to do their jobs. He added that the employees were dedicated and loyal and would like additional training to be able to adequately perform their jobs and advance.

Upon question by Councilmember Leak, Mrs. Carpenter explained that the cost of Option 1 presented by Springsted Incorporated, the cost would be \$27,353.00 which is just salary.

The City Manager explained that Option 1 would bring the employees who are below market salary up to the market level.

Mr. Anzivino added that each employee would get at least a small increase to bring them up to the correct step in the pay plan. He added that those who are well below the minimum of the market level would get larger increases.

Upon question by Councilmember Adams, the City Manager explained that Option 2 did not appear to be realistic and therefore the actual cost was not determined by staff.

The City Manager explained that eight (8) employees would receive approximately \$18,000.00 of the cost of Option 1.

Upon question by Councilmember Spencer, Mrs. Carpenter explained that the \$27,353.00 could be absorbed into the budget.

Upon question by Councilmember Leak, Mrs. Carpenter explained that there are 151 positions at the City and this number includes vacant positions such as the tax collector position. She added that the \$27,353.00 includes salaries for any vacant positions.

Upon question by Councilmember Leak, the City Manager explained that departmental needs including manpower and training had been discussed and would be considered in the upcoming budget.

The City Manager explained that it was hoped the Pay Plan would be adopted by Council, and this would deal with some of the compression issues that currently exist. He added that one (1) option that is being considered is including a 2.5% increase effective July 1, 2012, and phasing in performance measurements and training and development.

Councilmember Leak expressed concern that because of the economic situation, the proposed Pay Plan may not be received well by the community.

The City Manager stated that the City is only as good as its most important assets – its employees.

Mr. Anzivino explained that the impact of Option 1 of the proposed Pay Plan is much smaller than what Springsted is seeing in other communities. He added that this option would bring the City current with market.

Councilmember Adams stated that she felt it was important for Council to give all employees some type of raise since they had not received one in four (4) years.

Mayor Parker thanked Mr. Anzivino and Ms. Davis for their work and for answering Council's questions.

Mr. Anzivino thanked Council for allowing them to prepare the proposed Pay Plan.

ADJOURNMENT

Motion was made by Councilmember Spencer, seconded by Councilmember Adams, and unanimously carried to adjourn the meeting.

The meeting adjourned at 6:55 p.m.

Thomas W. Parker III, Mayor

Jennifer A. Tippett, City Clerk