

**CITY OF LAURINBURG
RECONVENED COUNCIL MEETING
JUNE 18, 2012
MUNICIPAL BUILDING
303 WEST CHURCH ST.
LAURINBURG, NC
5:45 P.M.**

MINUTES

The City Council of the City of Laurinburg reconvened its May 22, 2012 meeting which was reconvened on May 29, 2012, which was reconvened May 31, 2012 which was reconvened on June 5, 2012, which was reconvened on June 12, 2012, which was reconvened to this date and time, June 18, 2012 at 5:45 p.m. in the council room of the Municipal Building with the Honorable Thomas W. Parker III, Mayor, presiding. The following Councilmembers were present: Mary Jo Adams, Curtis B. Leak, Herbert M. Rainer, Jr., Kenton T. Spencer, and Andrew G. Williamson, Jr.

Also present were: Edward F. Burchins, City Manager; Jennifer A. Tippet, City Clerk; Cindy Carpenter, Finance Director; Bob Bell, Human Resources/Risk Management Director; Robert Ellis, Water/Wastewater Treatment Plant Director; and Mary McNeill, Senior Accounting Clerk.

Mayor Parker called the meeting to order at 5:45 p.m.

The invocation was given by Councilmember Spencer.

PROBATIONARY PAY

The City Manager discussed the City's current policy regarding probationary pay increases. He added that staff was recommending that when an employee is hired, he will be immediately enrolled in the retirement system so that there would be no change in pay at the end of the probationary period for the employee. He added that this would require a change in the City's Personnel Policy. He further added that if an employee did not stay with the City at the end of the 6-month probationary period, the employee would be eligible for a refund of only the money the employee had paid into the system, but not the amount contributed by the City.

A lengthy discussion ensued concerning this matter. Upon question by Councilmember Leak, Mr. Bell explained that an employee would begin at Step 1 and at the end of the probationary period would remain at Step 1.

Councilmember Rainer expressed concern about starting an employee in the retirement system immediately upon being hired.

Mrs. Carpenter explained that the entire salary system is based on the step and grade system, and that salaries cannot be manually keyed into the system. She added that this was for quality control and audit control.

Further discussion ensued concerning adding an employee to the retirement system immediately upon being hired. Mr. Bell explained that an employee becomes fully vested in the retirement system after being employed five (5) years.

Upon question by Councilmember Leak, Mrs. Carpenter explained that if this began on July 1, 2012, there would not be a major budget impact because it would affect only two (2) employees.

Further discussion ensued concerning the pay grades and steps. Mr. Ellis explained that there are 18 steps in each paygrade.

Mayor Parker explained that the change would affect just new hires, not current employees.

Further discussion ensued concerning 2.5% pay increases between each step and at end of the year be eligible for a merit increase or cost of living increase, whatever Council decides. The City Manager explained that he would like Council to consider the proposal from Springsted that includes 2.5% increases between each step.

Following further discussion ensued motion was made by Councilmember Rainer, seconded by Councilmember Adams, and unanimously carried to rescind the Personnel Policy to amend the Personnel Policy and maintain the 6-month probationary period for employees except police officers who have a one-year probationary period.

The City Manager explained that a resolution to revise the Personnel Policy would be presented to Council at the June 19, 2012 regular meeting.

A discussion ensued concerning the difference between a trainee and a probationary employee.

ADOPTION OF PAY AND CLASSIFICATION PLAN

The City Manager explained that the next item for Council to discuss was the Pay and Classification Plan proposed by Springsted. He added that there are two (2) options to consider. Option One would be adopting the Springsted Plan and Option Two would adopt the Pay Plan and move all employees up one (1) step for a 2.5% pay increase.

Mrs. Carpenter explained that the total salary would be \$50,850.00, and the fringe benefits would be approximately \$15,000.00 if Council adopted the Pay and Classification Plan recommended by Springsted. She added that the approximate cost including fringe benefits to adopt the Pay and Classification Plan and to move all employees up one (1) step would cost as follows:

Electric Fund	\$ 12,000.00
Water/Sewer Fund	\$ 26,000.00
Solid Waste Fund	\$ 17,500.00
General Fund	<u>\$140,000.00</u>
 Total	 \$195,500.00

A discussion ensued concerning the varying amount of salary increases that would be received between Option One and Option Two. Councilmember Adams suggested find some way to provide a Cost of Living Adjustment (COLA) so that the eight (8) employees that would be receiving large salary increases under Option One would not get the COLA in order to be fair for all employees.

At 6:18 p.m., Mayor Parker called for a brief recess for dinner.

The meeting resumed at 6:35 p.m.

Discussion ensued concerning the pay plan options for Council to consider. The City Manager explained that he recommended making the transition as simple as possible. He explained that since the Springsted recommendation for most employees is so close to the existing Pay Plan, that only the eight (8) employees who would be most impacted by the Springsted Study be moved to the Springsted Plan.

Mrs. Carpenter explained that based on Councilmember Adams' question prior to the recess, she wanted to clarify that within the eight (8) most impacted employees, none of the eight (8) was getting less than a 2.5% pay increase.

The City Manager then discussed staying with the current plan and giving all employees a 2.5% COLA increase or giving all full-time employees a 2.5% bonus. He added that with a 2.5% COLA, all employees would move up a step on the current Pay Plan.

Upon question by Councilmember Leak, the City Manager explained that the eight (8) employees who were reclassified by the Springsted Plan could be brought onto the Springsted Plan over a period of two (2) years or deal with those individuals at another time. He added that with a 2.5% across the board increase would be appreciated by all employees.

Upon question by Councilmember Williamson, the City Manager explained that he would have the total cost if all employees are given a 2.5% pay increase based on the current Pay and Classification Plan.

Mayor Parker requested that the City Manager have that amount at the June 19, 2012 meeting.

Further discussion ensued concerning the various options presented. Upon question by Councilmember Adams, the City Manager explained that employees at the top end of their paygrades would receive a 2.5% one-time bonus if Council decided to give an across the board 2.5% increase to all employees.

Councilmember Rainer recommended giving employees earning less than \$40,000.000 receive a 3% pay increase and those earning greater than \$40,000.00 get a one-time bonus.

Councilmember Leak discussed bonuses and fairness to all employees.

Upon question by Councilmember Adams, the City Manager explained that the only way to deal with the pay compression is to implement some type of merit pay system. He said that Option One discussed tonight did not deal with the compression issue.

Upon question by Councilmember Williamson, the City Manager explained that one way to deal with the compression issue is to get ride of the steps and have a minimum and maximum and each year inflate the pay.

A discussion ensued concerning methods to deal with compression. Mr. Bell explained that merit pay is the most often method used to deal with compression.

Councilmember Spencer discussed varying levels of pay increases for employees minus the upper level management which he defined as anyone making above \$60,000.00. He also expressed concern that without a growing tax base, Council needs to determine a way to reward employees in a fiscally responsible way. He added that he advocates for pay for performance.

Further discussion ensued concerning rewarding employees, the Springsted Pay and Classification Plan and the need to be fiscally responsible.

A discussion ensued concerning pay for performance and merit pay and the need to implement a well thought-out system to include an evaluation system, benchmarking and 360 evaluations.

The City Manager explained that since he has been with the City of Laurinburg, he has focused on reducing personnel costs. He added that the City had saved almost \$400,000.00 in salaries between 2010 and 2012. He further added that there was money available in the budget to give raises to City employees.

Further discussion ensued concerning the compression issue, merit pay, developing an evaluation system, the Springsted Pay and Classification Plan and purchase of the NEOGOV System.

Councilmember Leak stated that he wanted \$1,700.00 added back to the Council's Travel and Schools budget so that he could attend the Black Caucus.

A lengthy discussion ensued concerning the Management Trainee Program and the best approach to adding the trainees, whether hiring all three (3) at once or phasing the hiring one (1) by one (1), and whether to reduce the number of trainees to two (2) in order to balance the budget.

Upon question by Councilmember Williamson, Mrs. Carpenter explained that the proposed budget includes funding for the adoption of the Springsted Pay and Classification Plan, funding for three (3) Management Trainees, and in the Contingency line item of each of the four (4) funds, funding is included should Council approve a 2.5% pay increase for all employees.

Further discussion ensued concerning the Management Trainee Program and the number of trainees.

Upon question by the City Manager, the Mayor explained that if Council wanted staff to have any further information on June 19, 2012, Councilmembers are to contact the City Manager.

A lengthy discussion ensued concerning the budget and purpose of the Youth Council and the budget of the Farmers Market. Councilmember Spencer explained the purposes and processes involved in the Youth Council and the Farmers Market.

Upon question by Mayor Parker, Councilmember Spencer stated that the next Youth Council meeting was Tuesday, June 26, 2012 at 4:30 p.m. at the Sanford Building.

Councilmember Adams requested that the minutes of the Youth Council be provided to Council.

Councilmember Spencer expressed concern that the Beautification Committee was not being scrutinized as closely as the Youth Council and the Farmers Market.

A discussion ensued concerning the involvement of City staff in endeavors that are conducted under the auspices of the City.

ADJOURNMENT

Motion was made by Councilmember Rainer, seconded by Councilmember Williamson, and unanimously carried to adjourn the meeting.

The meeting adjourned at 7:53 p.m.

Thomas W. Parker, III, Mayor

Jennifer A. Tippet, City Clerk