

Salisbury, North Carolina
October 10, 2022

SPECIAL MEETING

PRESENT: Mayor Karen K. Alexander, Presiding; Mayor Pro Tem Tamara Sheffield, Council Members Harry McLaughlin, David Post, and Anthony Smith (attended virtually); City Manager Jim Greene, Jr., City Clerk Kelly Baker; and City Attorney J. Graham Corriher.

ABSENT: None.

Salisbury City Council met in Council Chambers in City Hall located at 217 South Main Street. The meeting was called to order by Mayor Alexander at 6:00 p.m. A moment of silence was taken.

ADOPTION OF THE AGENDA

Thereupon, Mayor Pro Tem Sheffield made a **motion** to adopt the Agenda as presented. Mayor Alexander, Mayor Pro Tem Sheffield, Councilmembers McLaughlin, Post, and Smith voted AYE. (5-0)

EMPLOYEE COMPENSATION STUDY

City Manager Jim Greene stated the meeting is a work session that will not require a decision from Council. He noted the pay study is a critical project for the City, and he pointed out the last pay study was conducted in 2010. He thanked everyone who worked to make sure the pay study is complete and thorough. He pointed out the pay study is designed to:

- Ensure the City's ability to attract and retain well-qualified employees
- Ensure the City's pay and benefits are competitive

- Ensure job classifications are current and reflect the requirements, skills, and duties
- Ensure each classification is paid fairly

Mr. Greene explained the pay study is a significant investment that is needed to support employees and address pay compression issues. He reviewed the steps taken during the pay study:

- Started working with the MAPS Group in November 2021
- All full-time employees completed a position description questionnaire and the MAPS Group followed-up with employee interviews
- The pay study was a Council priority
- A market study was conducted
- Evaluated classifications for all departments
- Transparency and engagement
 - July 20, 2022 – Management Team meetings were held with the MAPS Group
 - August 2, 2022 – Employee Meetings were held with the MAPS Group
 - August 5, 2022 – Employees received new job specifications and were given the opportunity to appeal the job specification
 - August through October 2022 – Information was provided on the Employee Portal

Mr. Greene noted the benefits of the pay study includes:

- Competitive salary and benefits
- Recruitment and retention
- “Fresh Start” for employees
- Updated pay ranges and job specifications
- Employees that were underpaid based on the pay study will receive a salary adjustment
- Updated all department organizational charts
- Increase internal equity
- Additional management recommendations

Mr. Greene thanked the MAPS Group for its work on the pay study and for offering additional management recommendations to be considered.

MAPS Group President Becky Veazey explained classification studies rank jobs based on their degree of difficulty and responsibility. She pointed out the MAPS Group works to identify the best title for the job and update the job description. She indicated a competitive salary range is based on the duties and responsibilities in the job and the market data. She pointed out a classification and pay plan will help the City recruit and retain employees, create internal equity and equal pay for equal work, maximize cost effectiveness, and create a defensible system legally based on professional methodology.

Ms. Veazey stated organizations typically conduct pay studies every three to five years. She pointed out jobs fluctuate at different rates in the market and the study identifies the going rate of pay.

Councilmember Post asked if the job class drives the pay rather than the person. Ms. Veazy stated a performance system is employee driven with the volume of work, length of service, employee qualifications, and employee work performance which are not classification factors. She explained the focus is on the job and not the person performing the job. She reviewed the classification factors taken into consideration were difficulty, complexity and variety of work, level of public contact, education and experience requirements, work environment and hazards, physical effort, and supervision given and received. She stated the compensation system includes class and range revisions, annual market adjustment, range movement, and length of service. She referenced class and market changes, and she noted the goal is to compensate employees who are significantly underpaid. She indicated COLA is intended to help employers remain competitive and to keep turnover costs low. She pointed out once the ranges are established, a plan is needed to move employees across the pay range. She stated the trend among local governments is to place an emphasis on performance.

Ms. Veazy explained the pay plan should have pay grades and ranges where the pay grades represent the job and the ranges represent the person. She explained the grade changes if the job changes. She added the City asked the MAPS Group to determine job classifications and competitive salary ranges and the next step is to place employees in the proper job classification. She pointed out the ideal distribution is to have two-thirds of employees in the middle of the pay plan. She reviewed the implementation plan chosen by the City.

Ms. Veazy then reviewed the MAPS Group recommendations:

- The City's benefits plan is competitive
- Do not reduce employee's salary
- Stay within the boundaries of the maximum pay range
- Implement a performance pay system
- Develop supervisory training
- Review FLSA status
- Evaluate certifications and specialty pay

Mr. Greene reviewed the proposed pay adjustments:

- Compression
 - The City is implementing the study in a way that addresses compression to the extent it can afford at this time
- Implementation of pay plan
 - Effective – October 15, 2022
 - Check date – November 4, 2022
- Implement a COLA increase of 2.75%
 - Ranges will shift by 2.75%
 - Employees above the max in their range will receive a lump sum for FY23
 - Effective – November 29, 2022
 - Check date – December 16, 2022
- 1% Bonus – December 2, 2022 to be paid to full and part time employees

Mr. Greene stated he will work with staff to develop a performance pay system. He requested Council consider increasing the pay ranges by 2.75% based on the COLA increase which will help with employee recruitment and retention.

Mr. Greene reviewed a FY2023 cost analysis, and he pointed out the funds are included in the current year's budget:

| | Pay Study With Benefits | 2.75 COLA With Benefits | Total Pay Adjustments |
|--------------|----------------------------|----------------------------|--------------------------|
| General Fund | \$250,688 | \$331,159 | \$587,847 |
| SRU | \$82,539 | \$79,332 | \$161,871 |
| Stormwater | \$6,329 | \$9,372 | \$15,701 |
| Transit | <u>\$34,725</u> | <u>\$115,340</u> | <u>\$50,065</u> |
| | \$374,281 | \$435,204 | \$809,485 |

Mr. Greene noted he is concerned about the impact on future year's budgets:

| | Pay Study With Benefits Annualized Cost | 2.75 COLA With Benefits Annualized Cost | Total Pay Adjustments Annualized Cost |
|--------------|---|---|---|
| General Fund | \$376,031 | \$567,701 | \$943,732 |
| SRU | \$123,808 | \$135,999 | \$259,807 |
| Stormwater | \$9,494 | \$16,066 | \$25,560 |
| Transit | <u>\$52,087</u> | <u>\$26,298</u> | <u>\$78,385</u> |
| | \$561,420 | \$746,064 | \$1,307,484 |

Mr. Greene stated based on the General Fund analysis there will be a 15% to 17% increase in next year's budget. He recommended moving forward with the implementation, and he added staff will work to find the funds in additional revenue or cuts to the coming year's budget. He indicated the pay study increase will be implemented in November and the COLA adjustment will be implemented in December. He pointed out as new employees are hired they will be starting out at a higher rate of pay and funds will need to be budgeted so the City can remain competitive.

Councilmember McLaughlin asked if the cost analysis is based on current employees. Mr. Greene agreed, and he reviewed the cost allocation summary by department. He pointed out only three of the 50 highest paid employees in the City will receive a pay increase, and he added every employee will not receive a pay increase. He reviewed Option 1 being presented to Council for approval.

Option 1
> of Probationary Range plus 1.00% /
Total & Pos YOS

| Department | # Employee: | Receiving | % | Cost | Benefits |
|---------------------------------|--------------------|------------------|---------------|------------------|------------------|
| Administration | 6 | 2 | 33.33% | \$ 2,337 | \$ 556 |
| Communications | 4 | 1 | 25.00% | 1,696 | 403 |
| DSI | 3 | 0 | 0.00% | - | - |
| Engineering | 9 | 4 | 44.44% | 14,120 | 3,359 |
| Business and Financial Services | 12 | 4 | 33.33% | 11,382 | 2,708 |
| Fire | 81 | 48 | 59.26% | 152,145 | 26,762 |
| Human Resources | 4 | 0 | 0.00% | - | - |
| Information Technologies | 6 | 1 | 16.67% | 1,819 | 433 |
| Parks and Recreation | 10 | 5 | 50.00% | 15,788 | 3,756 |
| Community Planning | 11 | 5 | 45.45% | 22,460 | 5,343 |
| Police | 79 | 9 | 11.39% | 21,110 | 5,378 |
| Public Works | 55 | 22 | 40.00% | 68,241 | 16,234 |
| General Fund Total | 280 | 101 | 36.07% | \$311,098 | \$ 64,933 |
| SRU | 72 | 29 | 40.28% | \$ 100,015 | \$ 23,794 |
| Stormwater | 8 | 4 | 50.00% | 7,669 | 1,824 |
| Transit | 12 | 9 | 75.00% | 42,077 | 10,010 |
| City-wide totals | 372 | 143 | 8.44% | \$460,859 | \$100,561 |

Mr. Green reviewed the next steps:

- Council to consider new ranges at its October 18, 2022 meeting
- Human Resources will notify each employee of the new salary range and pay
- City Manager to work with Human Resources and approve updated policies
 - Minimum and maximum policy
 - Trainee policy
 - Promotion policy
- Continue to evaluate and implement other study recommendations

Councilmember Post requested clarification regarding the plan being implemented on October 15, 2022 when Council meets on October 18, 2022. Mr. Greene noted Council will be asked to consider the pay ranges at its October 18, 2022 meeting and if approved letters will be sent to employees and the updated policies will be presented to Council for its approval.

Mr. Greene explained the 1% model is recommended for implementation and requires Council's approval. He stated different models were evaluated regarding where to place

individuals in the new ranges and the 1% model was used to put employees in the new ranges. Mayor Pro Tem Sheffield stated the 1% model will not get employees' pay where it needs to be, but it is a start and employees will be in the proper classification going forward.

Mayor Pro Tem Sheffield asked if a COLA increase was included in the current year's budget. Mr. Green stated the COLA adjustment approved by Council was 2.5% and the proposal increases the COLA to 2.75% and will begin a month earlier.

Mayor Pro Tem Sheffield asked if the COLA is for the calendar year. Mr. Green explained the COLA is for FY2022-2023. He added a 2.5% COLA was initially recommended, but now 2.75% is proposed. He indicated the COLA is taking place one month earlier, and his goal is to continue moving the COLA implementation earlier in the fiscal year.

Mayor Pro Tem Sheffield commented she appreciates the inclusion of part-time employees receiving a bonus. She expressed concerns about an employee reaching the maximum salary with no room for further pay, and she noted it could create a larger risk for increased turnover. Ms. Veazy explained employees at the maximum range would receive COLA and performance pay as a lump sum if implemented, but the increases would not be added to the base salary.

Mr. Greene thanked Ms. Veazy and the MAPS group for its hard work during the survey and providing its recommendations. He also thanked Human Resources and Finance Departments for their work along with the Management Team involved in conversations and review. He added the next step is for Council to approve the new ranges at its next Council meeting to allow him to move forward with the implementation.

ADJOURNMENT

Motion to adjourn the meeting was made by Mayor Pro Tem Sheffield. Mayor Alexander, Mayor Pro Tem Sheffield and Councilmembers McLaughlin, Post and Smith voted AYE. (5-0)

The meeting was adjourned at 7:48 p.m.

Karen Alexander, Mayor

Kelly Baker, City Clerk