

## **Joint Greenville City Council/Greenville Utilities Commission Meeting**

Monday, April 25, 2016  
6:00 p.m.  
Greenville Utilities Board Room  
401 South Greene Street

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

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 Proposed Minutes - September 21, 2015
5. Consideration of Market Adjustment/Merit Allocation for FY 2016-2017
6. Consideration of Salary Structure Adjustment for FY 2016-2017
7. Update on Employee Tuition Assistance Program (ETAP)
8. Adjournment: Greenville Utilities Commission  
City of Greenville

**MEMORANDUM**

TO: Mayor and City Council  
Greenville Utilities Board of Commissioners

FROM: Barbara Lipscomb, City Manager *BL*  
Anthony C. Cannon, GUC General Manager/CEO *ACC*

DATE: April 20, 2016

SUBJECT: Joint City/GUC Pay and Benefits Committee Recommendations for  
FY 2016/2017

The Joint City/GUC Pay and Benefits Committee, comprised of City Council Members Rose Glover and Rick Smiley and GUC Commissioners Don Mills and Joel Butler, met on March 16, 2016 (GUC Commissioner Joel Butler was unable to attend). The result of this meeting was two recommendations to be considered by City Council and GUC Board of Commissioners at their upcoming Joint Meeting scheduled for Monday, April 25, 2016, at 6:00 p.m. in the Greenville Utilities Board Room.

**Market Adjustment/Merit Allocation for FY 2016-2017**

The City and GUC annually review the competitive market pay posture of our joint pay plan. The objective is to maintain an effective pay system for our employees that is internally equitable and compatible, and is as competitive as possible in relation to the external marketplace.

The City and GUC have traditionally used the Capital Associated Industries (CAI) survey as the primary benchmark guide for establishing the market related to wage growth. Over the past several years, staff has received requests to include data from other reputable surveys, other public sector organizations, and local employers to ensure that CAI is truly representative of the market.

As depicted in the chart below, wage projections and trends for 2016 are relatively consistent among the following surveys: Aon Hewitt, CAI, Hay Group, Mercer, Towers Watson, and WorldAtWork.

| Survey Company                       | Projection |
|--------------------------------------|------------|
| Aon Hewitt                           | 3.0%       |
| Capital Associated Industries (CAI)* | 2.7%       |
| Hay Group                            | 3.0%       |
| Mercer                               | 2.9%       |
| Towers Watson                        | 3.0%       |
| WorldAtWork                          | 3.0%       |

Staff surveyed our established benchmark public sector organizations and multiple local private employers to determine their plans related to compensation decisions for FY 2016-2017.

- **Public-sector benchmark organizations:** The public-sector benchmark organizations are comprised of 26 municipalities and utilities. Of the 25 organizations that responded, 23 gave their employees pay increases in FY 2015-2016; the average actual increase was 2.5% (market and/or merit). Many of the benchmark organizations are in the process of developing their FY 2016-2017 budgets and have not made a decision regarding pay increases. Of the few organizations that have responded, the average pay increase projection for FY 2016-2017 is 3% (market and/or merit).
- **Local private employers:** For FY 2016-2017, fourteen employers responded, reporting actual pay increases that averaged 3.05% (market and/or merit).

### **Recommendation**

The Joint City/GUC Pay and Benefits Committee recommends that the City and GUC fund an employee pay adjustment of 3.0% for FY 2016-2017, applied as deemed appropriate by each entity, in order to maintain market competitiveness.

### **Salary Structure Adjustment**

In 2015, the City of Greenville and Greenville Utilities Commission partnered with Segal Waters Consulting to conduct a 5-Year True Up Market Study. This study was essentially a “pulse check” to ensure that the compensation and compensation structure of the two entities have remained in line and competitive with the market. Segal Waters’ study noted that our salary structure should be reviewed annually to ensure that it remains competitive with the market.

WorldAtWork projects salary structures to increase by 2% for 2016. Adjusting our salary structure will have minimal, if any, immediate financial impact based on current employees’ position in the salary structure. An increase equally across all pay ranges in our salary structure, however, will positively affect our ability to compete with the market.

### **Recommendation**

The Joint City/GUC Pay and Benefits Committee recommends that the City and GUC approve adopting a 2% adjustment to the salary structure.

### **Employee Tuition Assistance Program (ETAP)**

The ETAP program was established in 1989 to provide financial assistance to employees who were interested in furthering their education. Other than the reimbursement cap being raised slightly in 1997, the program had not been substantively changed or updated in over 25 years. Beginning July 1, 2015, the ETAP program was enhanced in an effort to revitalize this program. The enhancements broadened eligible expenses, expanded employee eligibility, allowed flexibility in the timing of when funds can be disbursed, increased the annual funding cap, and

established a repayment obligation for limited situations. As a result of these enhancements, utilization of the program has increased considerably, as noted below:

|                 | # participants | % increase | amount awarded | % increase |
|-----------------|----------------|------------|----------------|------------|
| FY 14/15 – COG  | 13             |            | \$8,005.89     |            |
| FY 14/15 - GUC  | 11             |            | \$6,103.00     |            |
| FYTD 15/16*-COG | 36**           | 177%       | \$45,381.75    | 467%       |
| FYTD 15/16*-GUC | 19**           | 72.7%      | \$25,430.94    | 317%       |

\*15/16 data is as of February 2016

\*\*# of participants during FY15/16 to date

| Salary Tier (annualized base salary) | # participants (COG) | # participants (GUC) |
|--------------------------------------|----------------------|----------------------|
| Less than \$32,278                   | 3                    | 1                    |
| \$32,278 - \$46,950                  | 18                   | 9                    |
| \$46,951 – \$61,623                  | 9                    | 6                    |
| Greater than \$61,623                | 6                    | 3                    |
| <b>TOTAL</b>                         | <b>36</b>            | <b>19</b>            |

**Recommendation**

This is an informational item only. No action is requested of City Council or GUC Board of Commissioners and no recommendation was made by the City/GUC Pay and Benefits Committee.

We look forward to seeing you at the upcoming Joint Meeting on April 25 at 6:00 p.m. in the GUC Board Room.

cc: Chris Padgett, Chief Administrative Officer (GUC)  
 Michael Cowin, Assistant City Manager (COG)  
 Richie Shreves, Director of Human Resources (GUC)  
 Leah Futrell, Director of Human Resources (COG)

Attachments

PROPOSED MINUTES  
JOINT MEETING OF THE GREENVILLE CITY COUNCIL  
AND THE GREENVILLE UTILITIES COMMISSION BOARD OF COMMISSIONERS  
MONDAY, SEPTEMBER 21, 2015

Having been properly advertised, a joint session of the Greenville City Council and the Greenville Utilities Commission Board of Commissioners (GUC Board) was held on Monday, September 21, 2015 in the GUC Board Room, located on the second floor of the Greenville Utilities Main Office Building at 401 S. Greene Street in Greenville, with Mayor Allen M. Thomas presiding for the City Council and Chair John Minges presiding for GUC. Mayor Thomas and GUC Chair Minges called the meeting to order at 6:00 p.m., with a quorum of both boards present.

Those present from the City Council:

Mayor Allen M. Thomas, Mayor Pro-Tem Calvin Mercer, and Council Members, Rose H. Glover, Marion Blackburn, Rick Smiley, Richard Croskery and Kandie Smith (via phone)

Others present from the City of Greenville:

Barbara Lipscomb, City Manager; Michael Cowin, Assistant City Manager; Merrill Flood, Assistant City Manager; Leah Futrell, Human Resources Director; Frank Salvato, Benefits Administrator; Steve Hawley Communications Manager; Dave Holec, City Attorney and Carol L. Barwick, City Clerk

Those present from the Greenville Utilities Commission Board of Commissioners:

Chair John Minges, Chair-Elect Don Mills, Secretary Dennis Mitchell (via phone), Joel Butler, Tommy Stoughton and Barbara Lipscomb.

Others present from the Greenville Utilities Commission:

Tony Cannon, General Manager/CEO; Chris Padgett, Chief Administrative Officer; Jeff McCauley, Chief Financial Officer; Phillip R. Dixon, General Counsel; Sue Hatch, Public Information Officer/Communications Manager; Richie Shreves, Director of Human Resources; Debbie Jones, Benefits Administrator; Amy Quinn, Executive Assistant to the General Manager/CEO and Lou Norris, Secretary to the General Manager/CEO

Others present:

Abbie Bennett, The Daily Reflector; Steve Graybill, Mercer; Mary M. Bonds-Molesanga, Ace Taxi and Ellen Owings, Greenville Housing Authority.

Those absent:

There were no absences from the City Council. Commissioners Rebecca Blount and Parker Overton had excused absences from the GUC Board of Commissioners.

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APPROVAL OF THE AGENDA

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Upon motion by Chair-Elect Mills and seconded by Commissioner Butler, the GUC Board unanimously approved the agenda.

Upon motion by Council Member Smiley and seconded by Council Member Blackburn, the Greenville City Council unanimously approved the agenda.

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PUBLIC COMMENT PERIOD

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Mayor Thomas opened the public comment period at 6:02 p.m. and explained the procedures to be followed by anyone who wished to speak.

There being no one present who wished to speak, Mayor Thomas closed the public comment period at 6:03 p.m.

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**JOINT PAY AND BENEFITS COMMITTEE RECOMMENDATION ON PLAN 2016 MEDICAL AND DENTAL BENEFITS**

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City Manager Barbara Lipscomb introduced Mr. Steve Graybill, from Mercer, who provided a review of the three-year strategic plan and recommendations for the health and dental programs. This is the second year of a three-year plan that was adopted by City Council and the Commission in 2014. The goal is to maintain competitive rates with other local municipalities and peer organizations, and to provide benefits in compliance with the Affordable Care Act while avoiding the 2018 Excise Tax, contain future increases, and reward healthy behavior and lifestyle choices.

In keeping with the three-year strategy, in 2015, the Core and Enhanced plans were modified to reduce overall benefits value by 1.4% and the tobacco surcharge was increased to \$75.

In 2016, Mercer recommends the following:

- Introduce the Consumer Driven Health Plan (CDHP) with a Health Savings Account (HSA) as a third plan design.
- Continue to modify the Core and Enhanced plan design to reduce overall benefit value by 2.6%.
- Increase tobacco user surcharge from \$75.00 to \$100 per month. He noted that the Committee recommended postponing the nicotine testing and determining a plan for future years.
- Evaluate additional dental options.

The following items were recommendations from Mercer for 2017:

- Possible elimination of the Enhanced plan.
- Only offer Core plan as "PPO" option along with the HSA plan.
- Consider a working spousal exclusion.

In 2015, the employer subsidy was 83.5%, the target for 2016 is 81.5% and the goal for 2017 is 80.0%, making the cost share 80/20%.

Some highlights of the new HSA Plan that will be offered January 1, 2016 are:

- Employees can use tax-deferred funds for healthcare expenses or save money in an HSA for future expenses
- Employees can go to any provider they choose
- The City and GUC will contribute funds into the HSA to help pay for deductible
- Contributions are made pre-tax, any interest earned is not taxed, and funds are tax-free when withdrawn to pay for qualified medical expenses
- If an employee leaves the City or GUC, the funds belong to the employee (it is a portable benefit)
- Funds will roll over from year to year

The recommendations from the Joint Pay and Benefits Committee are:

- Introduce the Consumer Driven Health Plan (CDHP) with a Health Savings Account (HSA) as a third plan design option with \$500/\$1,000 employer seed money plus an additional \$250/\$500 "first-year incentive";
- Continue to modify the Core and Enhanced plan design to align with benchmarking, to encourage migration to the HSA option, and to align overall benefit value within limits of 2018 Excise Tax. This will include increasing employee contributions by 5% for the Core plan and 13% for the Enhanced plan; increasing annual deductibles by \$100 per

- individual and \$200 per family; and increasing annual out-of-pocket maximums by \$400 per individual and \$800 per family;
- Increase tobacco/nicotine user surcharge from \$75 to \$100 per month; and
- No plan design changes for the dental plan but increase employee contributions by 2.5%.

The Committee recommends introducing the HSA plan with active employees only at this time for 2016 and will consider offering to retirees in 2017 or 2018.

There was discussion from Council Member Smith about the money that the City used for salary increases last year that could have been used to offset the increase of the health benefits to the employees. City Manager Lipscomb confirmed that \$750,000 was employer surplus or savings from the health plan and determined to be available and was used to pay for the increase in employee pay. There was some concern since now the health insurance needs to be increased. Mr. Cannon noted that the new CDHP option includes a much lower cost for employees and employees would be given seed money in their HSA if they move to this plan. Ms. Lipscomb also reminded the Board and Council that the plans are being adjusted as part of the three-year strategy to move to an 80/20 plan and cost increase for the employee is being adjusted accordingly in the Core and Enhanced plans.

Upon motion by Council Member Blackburn, second by Council Member Smiley, the City Council approved the recommendation by the Joint Pay and Benefits Committee five to one with Council Member Glover casting the dissenting vote.

Upon motion by Commissioner Mitchell, second by Commissioner Butler, the GUC Board of Commissioners unanimously approved the recommendation as provided by the Joint Pay and Benefits Committee.

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CLOSED SESSION

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Council Member Croskery made a motion on behalf of the City to enter Closed Session pursuant to the provisions of General Statutes §143-318.11(a)(1) to prevent the disclosure of information that is privileged or confidential pursuant to the law of this State, or of the United States, or not considered of public record within the meaning of Chapter 132 of the General Statutes, to-wit: dealing with certain electric power contracts to which a joint power agency may be a party concerning electric power under the provisions of Section 159B-38 of the General Statutes of North Carolina. Council Member Glover seconded the motion, which passed by unanimous vote.

Upon like motion by Commissioner Stoughton and seconded by Chair-Elect Mills, the GUC Board unanimously agreed to enter Closed Session for the purpose stated and both boards entered a joint Closed Session at 6:58 p.m.

Upon conclusion of Closed Session discussion, a motion was made by Council Member Croskery and seconded by Council Member Blackburn to return to Open Session. Motion was approved unanimously, and Mayor Thomas returned the City Council to Open Session at 7:01 p.m.

A motion was made by Commissioner Butler and seconded by Chair-Elect Mills to return to Open Session. Motion was approved unanimously, and Chair Minges returned the GUC Board of Commissioners to Open Session at 7:01 p.m.

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ADJOURNMENT

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Without objection, Mayor Thomas and Chair Minges announced that the Joint Meeting would stand adjourned at 7:01 p.m.

Respectfully submitted,

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Amy Carson Quinn  
Executive Secretary

APPROVED:

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Dennis Mitchell  
Secretary