

## CITY OF EDEN, N. C.

The special meeting of the City Council, City of Eden, was held on Wednesday, May 24, 2000 at 4:30 p.m. in the Council Chambers, 338 West Stadium Drive. Those present for the meeting were as follows:

Mayor:	Philip K. Price
Mayor Pro Tem:	John E. Grogan
Council Members:	Ronald H. Reynolds
	Ronald L. Janney
	Christine H. Myott
	William W. Rorrer
	C. H. Gover, Sr.
	Garry Tudor
City Manager:	Radford L. Thomas
City Attorney:	Charles J. Nooe
City Clerk:	Kim J. Scott

Representatives from City Departments:  
Representatives from News Media:

Reid Baer, The Daily News,  
Leslie Brown, Greensboro  
News & Record

### MEETING CONVENED:

Mayor Price called the special meeting to order and welcomed those in attendance. He then called on Mr. Thomas to introduce Mr. Matt Reece.

Mr. Thomas stated that Mr. Matt Reece from the Piedmont Trial Council of Governments had completed the pay and classification study and was present to present his findings.

Mr. Reece explained that the Council of Governments was a membership organization in which the city of Eden was a member. He stated they liked to think of themselves as extensions of the staff. They have recently completed a study for Rockingham County and Reidsville; they are also in the process of working with Madison, Mayodan, and Rockingham County Schools. He noted that they were aware of the labor market in Rockingham County which was what they would talk about.

With the use of a projector, Mr. Reece explained that the study was called a "position pay and classification study". There are positions and classifications. Classification is a group of work such as police officer and there are individual positions that are assigned to that classification or classified as that. There will be a certain budgeted number of those classifications they approve each year in the annual budget. It is a study of work and not a study of individuals so the process was to collect information on how the city organizes and assigns tasks and duties. Issues of performance and longevity were not considered as they were not part of the pay and classification study. The assumption was that there are other pay instruments in place that capture that and recognize, and reward that.

Mr. Reece addressed classification factors. They look at the following eight classification factors: working conditions, complexity and variety of work, decision making, the consequence of error, what the liability of the organization, supervision given and supervision received, and knowledge, skills and abilities. He noted that the last thing they would talk about was pay philosophy and what would be the long term approach to how they want to think about pay. It had to do with individual treatment of employees as well as who they want to compete with. He noted they received some information via the City Manager at the start of the study that said the primary point of comparison would be those employers in Rockingham County. He noted as they go through and look at the market analysis, that was where they concentrated most of the research and data collection, on those local government employers in Rockingham County.

Mr. Reece next discussed the details of the process. The first step was the position description questionnaire that each employee completed and they were asked to talk about their job in terms of functions and responsibilities as well as the percentage of time spent doing that. They had several open-ended questions that they were responsible for filling out in terms of looking at those classification factors, what kinds of decision making do they do, what are problems they face in their work and how do they go about overcoming those problems and what resources they

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use in their work. They followed that up with employee interviews where they interviewed at least one employee from each classification in the study. In some cases, they interviewed all of the employees in the classification and in other cases such as police officers, they did not interview every police officer but they did interview enough so that they felt they had a good sense of the work performed by that classification. They then entered into the phase of analysis and comparison and they primarily focused on the Rockingham County market. It was not simply to collect salary data, but it was to gain a sense of how those other organizations they were looking at go about organizing work and where were the true, good comparisons they could draw from that, an apple to apple comparison.

The last stage that Mr. Reece explained was the supervisor confirmation and input. This was when they pulled all of the information together and established a job hierarchy and came back and confirmed that with the supervisors. They sat down with all of the department heads and received their input.

In getting to the pay and classification system, Mr. Reece stated there were different components that fit together to determine how employees would be paid. The first was that the City Council had adopted a graded pay system which means there is a schematic order of grades 5 through 26. Each are separated by a percentage value, typically 5 percent and there is a width of the range to that. How employees are paid is based on that graded scale. Then, they assign the work identified to one of those pay grades. Those values established in the systematic order then are represented somewhere in the market with that classification as they try to fit that classification into the pay system.

Mr. Reece then explained that there were classifications and specifications of those classifications or written job descriptions. He noted the importance of understanding that the written job description is not a contract or a guarantee that says that is all that the employee is ever going to do. It is a description of the essential job functions and a description of that work. It should be a good indicator of what that employee does most of their time, but a lot of times there will be language included that "other responsibilities as required" and so forth and that is implicit in a class specification as well as the knowledge, skills and abilities is the ideal. He noted they know at times there will be individuals that have less than those who have already begun employment with the city and at times there will be employees that have more educational requirements that are put in the class spec.

Lastly, Mr. Reece explained the implementation plan which they would talk about at the end of the presentation, how they want to move from the old pay plan to the new pay plan, what the issues are, and how that will impact current employees. The Council will have a number of choices with that. Mr. Reece stated his role was to present the Council with some information and to help them interpret that information, but the Council was the decision makers and if the information and the assumptions made there in putting the information together differ from what they think should have been some assumptions then he would appreciate them sharing that as he would be glad to go back and take another look at putting it together in a different format.

In addressing classification, Mr. Reece referred to the labors, equipment operators and so forth. The current set up was essentially to have a classification for each department. There is a laborer in streets, solid waste, recreation, solid waste in a higher skill level, collection and distribution, and streets. The same follows suit in the equipment operators as there were equipment operators in solid waste, a truck driver in streets, and a third level that encompassed all. In looking at the work, Mr. Reece did not find that much distinction between departments, the likes of skills and significant work factors required of those employees was the same regardless of the department they were in. He explained that a lot of organizations have found that to be true and have collapsed those classifications which was his recommendation at this point (to collapse those classifications into a few). He explained that they were looking at having two levels of labor, a skilled and a semi-skilled. Then they would have three levels of equipment operator, first starting out with those required to have a CDL and those with a little more experience and able to operate a couple of different pieces of equipment and are consistently assigned to those pieces of equipment, and they would have the highest skill level operators who are required to operate any equipment as well as they may even engage in some maintenance of that equipment and so forth.

Mr. Reece stated in looking at office support series, they had essentially the same breakdown, slightly a different approach. They had only two classifications in that and he found three levels

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of work. They do have an entry level receptionist/clerk/typist type of roll and a general office support and a few instances with individuals who have taken on a program responsibility in that they are responsible for coordinating either a portion of a program or taking on a project themselves and work with relatively little supervision on that and are responsible for making sure the deadlines are met on that. They are not just part of the process, but they are taking on a semi-management roll with that.

Mr. Reece next referred to specifications. At the conclusion of the study, he will present to the City Manager all of the revised specifications, where they are needed, and they will have that in use in personnel and continue to administer the salary plan. The specifications will describe all of the major components of work, they will describe the pre-requisites for that work and although they are not a contract, they are a personal reference. They are to be used in making decisions on personnel, when thinking about promotion, filling positions and so forth, that is the first primary reference. He then added that it was not the only reference. Each of the employees previously mentioned has filled out a questionnaire, at the end of it there was a detailed section on the physical requirements of that work. That was a very important section. He stated his recommendation was to hang on to that and file it appropriately because if they are challenged or requested on making a reasonable accommodations under the Americans with Disabilities Act, that would be a good reference to use.

Next Mr. Reece spoke on the pay plan structure. He referred to an illustration of the proposed pay plan structure. He explained that he took the current structure and rolled it forward three percent to help in maintaining the position in the market place. That would mean that Salary Grade 9 would have a minimum start of \$19,973 and a job rate at \$24,288 and a maximum at Grade 9 of \$26,398. Each of those grades were separated by five percent as was common. What was a little less common was the range width, the distance from minimum to maximum. Currently, that was at 32 percent. Typically, in most structures, they would observe somewhere between 45 and 50 percent and in some cases, the trend was to broaden that out even wider to have continual growth within range in order not to continually reclassify employees. They were finding that the market was supporting that addition of maximum. He noted that was a point to consider when looking at the pay plan in the future.

Council Member Grogan asked if he was saying to go from entry level to maximum was to have a recommended 50 percent spread to which Mr. Reece replied that was correct.

Mr. Reece explained that at the current time, it was 32 percent and the typical range width would be averaging somewhere between 45 to 55 percent for most local governments.

Mr. Reece then mentioned the market as their primary focus was on Rockingham County, Madison, Mayodan, Reidsville, the County and they collected some private sector data through the Employment Security Commission, but the primary point of comparison would be those local governments in the area as they would have the greatest match and comparability of positions. He then talked about how the Rockingham County market looked in comparison to the rest of the Piedmont Triad. Generally the top payers in the Piedmont Triad market were the larger local governments, Greensboro, Guilford County, Winston, High Point, and Forsyth County. That was defined as the "A" market. Governments typically such as Rockingham and Reidsville are good examples of the "B" market. Recently Rockingham County had taken some strides to push that envelope a little and get a little more aggressive in the pay structure. They were getting to the point where they were feeling some market competition from those "A" market payers. Essentially, the city of Eden would still be in a relatively strong, but still a "B" market in Rockingham County. Other "B" markets included the City of Burlington, Alamance County, Randolph County which would be on the low side of that "B" market, Asheville, Lexington, and Thomasville. The last "C" market would be communities where they have established a pay system and are at least paying some attention to the market and typically are much smaller municipalities. How that market was observed, as he showed on the slide, was the unskilled laborer and equipment operator combined into one slide so they could see the diversity of the market from that point. Typically the progression they have was that they have unskilled laborers that come in and will gradually gain some skill and eventually will work their way up to equipment operator. He pointed out the laborer market on the slide, the first bar graph was Eden with the current pay at \$13,519 and the average of the market, they would look at in detail, was \$16,654. For the Employment Security Commission, they reported \$16,952. He explained that figure would be for a variety of employers throughout the Piedmont Triad region and would not

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be localized to Eden as the Employment Security Commission data was not that specific. The League of Municipalities reported \$16,600 as the state-wide average of all municipalities the size of Eden throughout the state of North Carolina. Thomasville reported \$16,100; Kernersville \$17,200; Lexington \$16,300; Reidsville \$16,400; Mayodan \$16,800.

Mr. Reece then explained that next section, shown in light blue on the slide. This indicated the Equipment Operator market. The primary influence on equipment operator was the addition of the CDL requirement. The CDL requirement the city adopted as well as a lot of other local governments for their operators was a driving force in establishing where those market rates were. He stated that approximately \$10.00 per hour was going to be the market minimum for the CDL which was shown in the annualized rates. The recommendation for labor was at \$16,400 and for equipment operator was at \$19,900. The average was \$20,000 for equipment operator and the Employment Security Commission reported \$19,045; the League of Municipalities \$18,762; Thomasville \$18,682; Kernersville \$21,472. He noted that Lexington did not have a good match to use; however, Reidsville reported \$20,900 and Mayodan \$21,000.

Mr. Reece stated that was a good indicator of where the pay systems typically start. This was going to be those employees that were going to be in those classifications they talked about at the beginning, the labor classes and equipment operator in streets, solid waste, recreation and collection and distribution.

He next showed the office support market. It was the same layout with only one class that they were looking at which was the General office support position. Currently, Eden was at \$15,900 and the recommendation was to go to \$19,900. The average was \$19,400; the general office support according to the Employment Security Commission was right at \$19,000; League of Municipalities \$19,000; Madison reported a class that he did not think was currently occupied at \$19,300; Lexington \$19,800; Rockingham County \$20,200 and Reidsville \$19,052.

Mr. Reece explained that the above figures were not for the highest or lowest office support as it was the middle Secretary II classification.

Mr. Reece next discussed the Treatment Plant Operators which was a market that had increased over the last little bit. As increasing pressures related to environmental regulation and concerns have come down, especially on municipalities, they have had to find folks to meet those demands, those with a background in chemistry and biology which had been tough to find. It used to be they could find someone dependable and organized and put them in a plant and they could keep things running. That was not the case any longer as there was a much higher skill level required of that. Currently Eden was at \$17,500 for those and the recommendation was to go to \$22,000; the average in this market was \$22,300; the League reported \$24,400; Asheboro \$25,500; Burlington \$24,700; Thomasville \$21,600; Lexington \$19,800; and Mayodan \$23,600. Mr. Reece explained that those numbers had been rolled forward for next year.

Next Mr. Reece discussed the Police Officer Market and it was just focusing on the Rockingham County market. If they were looking at a different set of data they would have a very different graph, but in Rockingham County they had Eden at \$18,400; Reidsville at \$25,500; Rockingham County \$26,200; Madison \$24,600; and Mayodan \$24,800. These numbers were rolled forward for the expected increases in pay plans for the next fiscal year. The recommendation for Eden was to go to \$25,400 to be in line with the market.

Mr. Reece stated that he thought they would find with all of them that the recommendation would be right at the market average. In some cases because of sliding into that pay plan and looking at that graded structure they may be a smidgen above or below that. Essentially the idea was to put them right on average with the Rockingham County market.

Fire Equipment Operators were next and Mr. Reece explained that was the Firefighter I class. All of the Firefighter I's are Equipment Operators. Currently Eden was at \$18,400 and the recommendation was to go to \$23,100. The average in the market was \$24,000; League of Municipalities \$23,800; Thomasville \$23,800; Kernersville \$25,400; Lexington \$24,000 and Reidsville \$23,100.

Mr. Reece explained that in talking about what all of that means was that competitors in the market when talking about minimum, as it was important that they were talking about minimum

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starts in salaries and not actual pay; they were talking about where they start employees. Currently the city's competitors were 20 to 25 percent higher in terms of minimum pay. The assumption they used in looking at making new assignments and making those recommendations was to maintain as much of the structure as possible. The reason was simple as it was less costly to maintain the existing structure and move people within that structure than it was to establish a whole new structure. In establishing that whole new pay system, based on the observations of the market can lead to increases just to slot those people back into the pay plan. That was typically not something that most local governments want to do, the reason for the increase in the employees salary was just because of a mathematical computation of putting together the pay plan. The assumption they used was to maintain the current pay structure and try to keep everyone within that current pay structure. The easiest way to do that was to shift the pay plan 21.6 percent. That 21.6 percent was pulled for a particular reason, currently the job rate in the pay plan was \$21.6 percent. What that job rate means is that employees who have been employed 24 months were going to be at or above that job rate. That implementation and philosophy the city has used has assisted in making the actual pay not as far behind as where the pay plan is.

Mr. Reece stated the bottom line recommendation was to shift the pay plan from the minimums of where they currently are to where the job rate is plus three percent for next fiscal year. So the job rate becomes the new minimum and there are some classes such as police officer that need an addition increase to get them in line with the market for Rockingham County.

Mr. Reece then handed out information to the Council which was a proposed assignment of classes to grades and that was the instrument where they take those classes they have identified and assign it to that graded pay structure he mentioned. They will see that there is a grade, then a minimum pay, a job rate, and a maximum pay. There is the classification and a column that list what the prior grade assignment was and a notation of what that grade change was for those. For instance, at grade 5, labor I and custodian, both of those were previously a grade 5 and there is no change in that. As they look down through this information, they will see that the largest changes they have were a three grade increase and most were a one and two grade increase(s). So there are not that many additional changes once they make that initial roll over of the 21 percent.

Mr. Reece stated in moving on, he mentioned issues they have when they talk about how they want to implement that study. The first and most important was one they called compression, and essentially what that means is that they take that minimum and adjust it 21 percent, that they are compressing employees together. In other words, employees are currently separated because of longevity and performance, and those kinds of issues are not considered in classification, but when it comes time to implement this pay they may want to take those items into consideration. What happens is that they roll forward that minimum; that rolls forward the bottom of the range and rolls forward those employees who are beneath that minimum and brings employees who are just starting up. Adjusting that minimum 21 percent does not do anything for the employees who are currently in range. So, there could be employees who are just above that 21 percent that through a minimum implementation are not affected. Then the issue becomes what is the best way of going about addressing those current employees. What they typically find is that the perfect solution would be to roll forward all employees salary an equal amount they find they are off. Mr. Reece stated he was unaware of any employers and especially any local governments that do that. There are some local governments that are able to do it, but slowly over time, dealing with only a few classifications, but he had never heard of a local government that did that in one comprehensive study such as this, as it is a very costly proposal. What most local governments do was say for employees that are in range, they award them a percentage of that minimum adjustment. In this case, Mr. Reece stated he was proposing, and what he had calculated and made some assumptions and guesses about how to approach this, his assumption was to give a one third value of that change, to give 7.2 percent for employees in range and go ahead and push those in range employees on out a little further and then adjust that minimum. They are going to have some further adjustments in that as in a one grade adjustment, essentially for further adjustments the recommendation would be to give them a percentage of that further adjustment. Each further adjustment at the minimum is worth 5 percent. For those in range on those classes where further adjustment was needed, the assumption was to give them one fifth of that or one and a quarter percent (7.2 percent and add 1.25 percent to that). The formula for that comes out to be for a one grade adjustment 8.45 percent, for a two grade adjustment 9.70 percent and for a three grade adjustment where it would be maxed at, 10.95 percent adjustment. It was

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important to note they were still giving those employees a percentage of what is actually happening at the bottom of that range, the movement of that. That would still give issues of compression; there are still going to be some places where employees have been separated by a much greater amount and are now separated by a much less amount in terms they are in the same classification. He added they were talking about employees who were classified similarly.

Mr. Reece explained that he did not identify what is sometimes referred to as "leap frogging" where an employee with lesser longevity, experience and so forth leap frogs over a senior employee given that compression adjustment. Putting this into play, the basis of the 7.2 percent, he did not notice any of that. He noted they would probably want to instruct the city manager and personnel officer to take a close look at that to make sure that does not happen. He noted they may even want to budget some additional dollars to help out with that should that be observed.

Mr. Reece next addressed what that would do for the city. To implement just the minimum and roll that forward 21 percent and make the additional grade adjustment they talked about and indicated on the assignment of classes to grades, was \$203,000 for the minimum implementation across the board to do that for all of the classes. The second implementation option Mr. Reece identified was to do the 7.2 percent plus the 1.25 percent for those additional grade adjustments and to do that across the board for all departments amounted to \$478,000. In discussions with the city manager and what they found in the budget and so forth, to be a possibility, was to look at a multiple year implementation. That was something they have talked about previously and have considered. The first year could potentially be a public safety year where they would do police and fire classes. The cost of doing those police and fire classes, rolling forward the minimums, the 21 percent, 7.2 percent for employees then 8.45 percent for one grade and the cost doing those fire classes on rolling forward the minimums the 21 percent, 7.2 percent for employees then a 4 - 5 or a 1 grade and so forth building up from there, but that cost is \$225,000 for a public safety first year. And then you would have the balance of those in a separate year, the balance of all of the other employees in a separate year.

Mayor Price asked if most communities did the multi year plan to which Mr. Reece replied it depended on what the conditions were .....

The city of High Points looks at their police annually; looks at a third of their employees each year so they have a multi year implementation. Every year they study a third of their employees so they have a multi year implementation.

Mayor Price asked with the multi year plan, how much of an increase on the total payroll would be to which Mr. Reece referred the Council to information handed out showing the current departmental breakdown, current salary at 4.8 million and that would be 225 on that 4 million 8. He noted this was base and did not include benefits and so forth.

Council Member Grogan asked if it would be six percent to which Mr. Reece replied 5 and 1.2 or 6 percent. He added that the data base he had was delivered in December (1999) or January (2000) so there have been some opportunity for further increase that may lessen that cost some. In other words, employees were already receiving the dollars that they were talking about there.

Council Member Janney asked if the Council would receive a copy of the full report as he would like one. Mr. Reece replied he could get a copy of whatever he would like as the full report would have a discussion of the items there, along with the pay plan and the classification specifications.

Council Member Janney asked if it would be what he presented today plus the backup material. Mr. Reece replied no but he could make copies of the slides and give those to him, but the material that would be in the final report would be a description of what they have observed, of what the market is, and it will then have a review of any other elements that he had not observed, if there had been deficiencies in the benefits plan or something that really stuck out like that then they would have a comment on that, management comments. Then they would have a section that would have this sort of summary that the Council had received, and all of the specifications that support this. He added if there was any other information the Council would like, he would be glad to prepare that for them.

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Council Member Janney asked, in talking about benefits, if the cities he compared as well as the county had comparable benefits with Eden. Mr. Reece replied comparably so as he did not perform an indepth analysis of benefit plans and so forth, but generally what they find is that those benefits in the public sector are essentially equal. In talking about the primary components of having comprehensive health, or having access to flexible spending and to supplement a retirement as well as the retirement system that employees are involved with in the Local Government Retirement System, essentially those big components are equal wherever they go. The areas where there is the most fairability are on longevity plans and on contributions to 401K and...

Council Member Janney stated the reason he asked was because some time ago the city made a comparison of other cities and in that what they found as benefits were where Eden was lacking and did not get the city up to where it would have been at an average. So, Eden made one change in benefits and then jumped way up the ladder which was why he asked the questions.

Mr. Reece then asked if he recalled what those changes were to which Council Member Janney replied the city added a week's vacation.

Council Member Janney then stated that Mr. Reece only compared the city of Eden with governments to which Mr. Reece added plus the Employment Security Commission data.

Council Member Janney asked if that information came from this local area to which Mr. Reece replied it came from the Metropolitan statistical area, the Greensboro, Winston Salem, High Point area.

Council Member Janney stated he was asking if it came from this local area to which Mr. Reece replied no it did not as the Employment Security Commission does not track data for municipalities, but he wished they did.

Council Member Janney stated he was not knocking what Mr. Reece had said as he was trying to understand it. He stated at this point, he saw Eden in a different situation with a labor service than he did some of the other cities he had compared Eden with because of the loss of industries, loss of jobs.

Mr. Reece replied he thought that was a good point and he took a look at some of that. He added that the Council was the ones that knew community better than he did. Over a ten year span, he found it was interesting looking at 1987 to 1997, there was an increase in the employment base, or those eligible for employment by a number of approximately 7,400. The growth in actual jobs was only about 4,000 in that same period of time. That was explained by two things, unemployment and the issue of commuting. In looking at commuting, there was quite a pattern of commuting from Rockingham County.

Council Member Grogan asked if the County Employment Security Commission had an average wage on employment.

Mr. Reece replied they did and he could get that information for him; however, he was reluctant to use some of that information of how they tract it in the sense that it is a good statistical indicator, but he was not sure it was a good indicator to make compensation decisions on because it was so aggregated. He added he could get them the information for a particular industry, but obviously that would be defined by how the person collecting that data classified that industry and it would be what that information was based on.

Council Member Grogan stated the biggest thing in Rockingham County that made wages out of skew was Miller Brewing.

Mr. Reece replied that typically the place where private sector is almost always going to outpace public sector is that private sector has the ability to do two things, walk in at any point in time and say "we like the work you're doing and we're going to give you a sizable increase" and they do it immediately because they own the shop; and the other thing that private sector can do is that they can give the employee a piece of paper that is ten dollars today and tell them to hold on to it because it will be worth a hundred dollars in a year, five years or whatever as they are stock options. The public sector does not have that ability.

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Council Member Janney stated that if the employee is a good employee then it has a lifetime job just about, not 100 percent. . . Mr. Reece replied that traditionally there is more stability in public sector work traditionally speaking.

In response to a question as to if the job descriptions varied much from the ones he analyzed, Mr. Reece replied there was always going to be some variability, but in those essential functions there is not and in the areas where he saw some real distinctions, he recommended the changes getting back to those laborer classes as that was probably the area where there was the highest difference in what they observed in the market and what the City actually put in practice.

Council Member Gover stated he was concerned with grades 5 to grade 11. He stated it looked like Mr. Reece hit the nail on the head with his recommendations on that part from what he was looking at.

Mr. Reece replied the assumption was to roll all of that forward, the 21.6 percent.

Council Member Tudor stated in compiling the statistics and comparing Eden to comparable surrounding communities, he was ashamed in how Eden compared. The second thing he would like to add, he asked how long had Eden compared so poorly to those other cities as that might give the Council some insight as to how good of a job they were doing before they began losing 700 jobs at one mill and 250 at another. They have taken some hits, but he was curious if before they took those hits were they paying the employees the way other communities were paying their employees. He asked if they were doing what they should have been doing before times got bad in Eden.

Mr. Reece stated to be honest he could not answer that as he knew from the past two or three years they have been in the same condition in looking at the work he had done for Reidsville and Rockingham County, prior to that he would have to put together some of analysis and take a look at that. He added that he did not know if Mr. Thomas or any other Council Members had an idea on that because to be quite honest he did not. He added that this was not completely uncommon because as Eden is a great distance from the urban core than a lot of those other local governments they do work for and the market pressures that first happen, they are going to have a little bit of a residual affect before they hit here. When they do work for those outer lying communities, that is quite often what they find. Styles and trends that first happen in California slowly rolls this way so it has a nucleus effect that happens first in the urban core and slowly spreads out to having an affect on the others so it is not uncommon for local governments the size of Eden to have that. Mr. Reece stated what was slightly different in Eden is that the city has some higher level services than what some other communities that size would. For Miller Brewing, the textiles and so forth there is quite an infrastructure when talking about the city's plants. It is probably one he would not observe in another like size community. For instance, two of the communities he compared Eden to was Reidsville and Kernersville and they did not really compare in that plants area to the infrastructure Eden has put in place. He added it was a different level of service to some degree.

Council Member Tudor stated when it is a community as close as Reidsville, adding this may be a political statement, they have to worry about those good Eden employees who may drive the eleven miles to make more money and he did not want them to do that.

Mr. Reece stated that was the same decision the County Commissioners have made saying they were tired of the turn over cost. In looking at the cost of staffing out a new Sheriff's deputy, the training and know that for a good eighteen months there is very little value they would be getting out of that employee while trying to get them up to speed. They want to try to cut the cost in the turn over area so they increase the salaries and, hopefully, those employee will not continually be commuting from Rockingham County to Guilford, Forsyth and so forth.

Mayor Price asked in following up on the last statement, per payroll amount, was there a percentage that was standard for turnover costs. Mr. Reece replied that was a \$64,000 question adding he was recently doing some research on that and it was all over the board. Essentially the Employment Security Commission would say it was a third of the cost of annual wages including total wages, benefits and so forth. Several other professional groups, IPMA (International Personnel Management Association) and the American Compensation Association



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have estimated it to be much higher than that, more like on the lines of two thirds. He added that one third would probably be a conservative figure.

Council Member Tudor stated someone said a good employee costs a lot of money to employ but a bad employee in the long run will cost a lot more. So, they need to hold on to their good employees.

Mr. Reece stated he had said to other employers that they want to think about how to best protect their investment, understanding there are limited resources and so forth, but he did think they really wanted to look at a pay philosophy and making adjustments in the pay plan that protects the investments they have made in the employees. The city has paid for CDL, paid for officers to go to evidentiary schools and toxilizer and so forth and they want to be able to retain and protect those.

Council Member Gover mentioned that Mr. Reece had made a statement that he had not witnessed any other municipality that would go all of the way the first time. He asked how many others he had analyzed that was in this rate that Eden is in.

Mr. Reece replied probably the two that came to mind, they have been doing work for High Point for approximately eight years and when he started with them they were severely behind the market and it took them several years before they completely came out of that. Probably the most aggressive strategy he had seen was Davidson County where there was an implementation cost of well over a million dollars for them to get up to par and that was several years back. It was right when he was starting with the Council of Governments and they passed and adopted a budget as well as their pay plan to implement the entire cost of that study in one year. He added it was most definitely the best thing to do in order to get them up to speed and be ready to go. They did not do the full bore if they were 12.5 percent behind or whatever they were at that time, just all salaries 12.5 percent, but that was the largest increase he had seen. Communities that do, say if they are going to give all employees in that classification the full (percentage) found to be off the market are communities such as Greensboro, City of Charlotte, and probably Raleigh, although he had not looked at their pay plan in a while, but those communities do. He added that those communities are not doing it for their entire employees. They are only looking at a few employees in each particular cycle that they are doing.

Council Member Gover asked if the Council did this (adopt this pay plan) all at once and they are on a 32 percent spread then they would round off at a 52 percent spread, asking if that was what he was saying. Mr. Reece replied no as he had not changed those maximums at all. He just mentioned that there should be a management comment in the final document, but he had not done any sort of adjustment for those maximums. Those maximums have just been advanced 3 percent.

Council Member Janney asked Mr. Reece if he looked at the turnover rate to which Mr. Reece replied he did not collect data on the turnover rate; however, he could put some together for him, but with the change over of personnel officers and so forth he had been trying to get up to speed on a lot of those issues.

Council Member Janney asked if that would not be important to know, not only for this, but when he did Kernersville, Reidsville, Rockingham County, did he not look at turnover rate.

Mr. Reece replied that typically they would look at turnover rates for particular classes that are indicative of the whole. He added he did not know what kind of results that would have; however, they could certainly put it together and take a look at it.

Council Member Janney stated he thought it was important to see the turnover rate. He recalled that he mentioned some time ago when they did some thing that the best he remembered, there was a 20 some percent turnover before they made a change in the pay plan. In fact, it was said at that time a person could draw unemployment and not have to work that was how bad their pay plan was. They made some changes and really reduced the turnover rate considerably adding they would lose a few here and there anyway.

Mr. Reece replied that was correct, but they really needed to be careful as to how they interpreted that number, but he (Janney) was exactly right. Council Member Janney stated it

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would be interesting to know even if they don't do but like Council Member Gover said, look at anything but grades 5 through 11, adding he would like to look at all of them; however, if they could look at those he would like to see the turnover rate.

Mr. Reece replied that he was sure they could put that together for him. Mr. Reece stated that the two issues this was meant to address was recruitment and retention and recruitment was a little bit harder to grab a hold of because they do not know what those missed opportunities are. They have that same sort of issue with turnovers and they cannot always assume that the turnover was due to pay issues as there may be some that were able to go back to their home community or whatever they were from and so forth. They will always have some that have that, but it (turnover rate) was a helpful decision maker. .he added that one of the important things to look at in turnover is the turnover costs.

Council Member Tudor stated that employee moral would probably be a third as low pay does not make people happy.

Council Member Grogan asked if the Human Resources Director had all of the information to which Mr. Reece replied if not then he would bring her up to speed quite shortly.

Mayor Price then asked Mr. Reece to provide copies of the information he provided to the Council.

Mayor Price then called for a five minutes break

CLOSED SESSION:

A motion was made by Council Member Gover seconded by Council Member Rorrer to go into a closed session to consult with the attorney in order to preserve the attorney client privilege according to GS 143-318.11(a)(3). All Council Members voted in favor of this motion.

OPEN SESSION:

A motion was made by Council Member Grogan seconded by Council Member Gover to return to open session. All Council Members voted in favor of this motion.

ADJOURNMENT:

A motion was made by Council Member Grogan seconded by Council Member Gover to adjourn. All Council Members voted in favor of this motion.

Respectfully submitted,

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Kim J. Scott  
City Clerk

ATTEST:

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Philip K. Price  
Mayor