

CITY OF EDEN, N.C.

The special meeting of the City Council, City of Eden, was held on Thursday, February 22, 2002 at 4:00 p.m. in the City Council Chambers, 308 East Stadium Drive. Those present for the meeting were as follows:

Mayor:		Philip K. Price
Mayor Pro Tem:		John E. Grogan
Council Members:	(absent)	Ronald H. Reynolds Billy Vestal Christine H. Myott Jerry Epps C.H. Gover, Sr. Garry Tudor
City Manager:		S. Brad Corcoran
City Attorney:	(absent)	Tom Medlin, Jr.
City Clerk:		Kim J. Scott
Deputy City Clerk:		Sheralene Thompson
Representatives from City Departments:		Lori Ford
Representatives from News Media:		Erica Kinnaird, <u>Eden Daily News</u>

MEETING CONVENED:

Mayor Price reminded Council of the Special Meeting on the Water & Sewer Rate Study to be held on Tuesday, February 26, 2002 at 4:00 p.m., and also the Council's Retreat to be held on Thursday, February 28, 2002 which begins at 8:30 a.m. He then proceeded to call the special meeting of the Eden City Council to order and welcomed those in attendance.

Mayor Price explained that the purpose of this meeting was to hear the report of the comprehensive staffing assessment which would be presented by the City Manager.

Mr. Corcoran explained that he would be touching on some points in the Executive Summary of their notebooks. During the preparation of the budget for last year, most of them were aware of the fact that a total of twelve new full-time positions were requested by various department heads. This combined with the economic woes facing the city prompted him to call for a comprehensive staffing assessment, what departments/divisions really need additional employees, what departments/divisions could get by with less and what restructuring initiatives would lead to a more efficient, effective and economical organization.

The overriding theme of this assessment has been to focus on absolute needs and not on wants. He explained that they were in a period of cut back management where municipal government was getting leaner. They have no choice but to recognize that they were going to have to do more with less in a slow economy.

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The goal of the study was not to see how many jobs could be cut. The goal was to assess each department/division on an individual basis to see what needed to be done within that division/department to make it a more efficient and effective organization.

He stated that to begin the review process they gathered as much information as possible about historical trends in terms of staffing. Eleven years worth of minutes were reviewed in an effort to gain a better understanding of what had happened historically in the city. A review of available data indicates that over the past eleven years total number of full-time positions has fluctuated from a low of 183 full-time positions in FY 1991-92 to a high of 203 positions in FY 1995-96. There were a total of 188 full-time positions on February 5, 2001 when the Council appointed him as their City Manager.

He continued that after gathering as much information as possible about the historical trends, they then directed their attention to staffing levels currently being utilized by other municipalities within the state of North Carolina that were similar in terms of population, total square miles and miles being maintained by the municipality. They contacted a total of eleven municipalities which included Boone, Wake Forest, Reidsville, Albemarle, Roanoke Rapids, Henderson, Kernersville, Lenior, Apex, Newton and Lincolnton.

The Executive Summary indicated that the average population, square miles and miles maintained for the eleven municipalities were in line with the City of Eden.

After several conversations with each community they started to examine the collected data in an effort to make sure that they were coming as close as possible to comparing "apples with apples". They soon discovered that it was necessary to look at each department/division on an individual basis and that some of the data that they were able to collect would be very useful while other portions of the collected data would not be of any assistance at all.

The next step was to have each department/division head give their own feelings concerning the current staffing levels within their respective department/division and what they felt they needed in the future. They were asked to make this analysis without the benefit of hearing the survey results and other information that had been previously assembled. Their goal was to receive their feelings without the potential bias that may result, if they knew what the staffing assessment figures indicated. In conjunction with this effort, the Director of Finance and Personnel, Mrs. Lori Ford, was also asked to submit her recommendation concerning what she felt the staffing levels needed to be.

He noted that once he received all of the historical data, survey results, and staff recommendations as noted above, a series of meetings were then held with each department/division head. They met with both he (City Manager) and Mrs. Ford (Director of Finance and Personne), at various times in an effort to discuss all of the data that had been collected as well as an opportunity for them to meet with them to share additional information prior to reaching their final recommendations.

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The culmination of those efforts resulted in the preparation of the document that the Council had before them. He noted that each of those recommendations had been reviewed by each department/division head and they were fully aware and cognizant of the various recommendations. In fact, he stated that it was even more important to point out that each of those individuals had joined them in the presentation of the recommendations pertaining to their respected department/division. They were proud to report that the management staff was unified in the presentation of those recommendations.

He referred to the back of the Executive Summary where there was an acknowledgement page, which indicated the signature of every department/division head, within the City of Eden, acknowledging their support of the recommendations before them.

He stated that as far as the specific recommendations, a detailed analysis of each department/division was included in the document. He explained that he would not be going through the document, as they have had the opportunity to look at it. (A copy of this document is on file in the Office of the City Clerk).

Mr. Corcoran explained that upon his appointment as City Manager the City of Eden had a total of 188 full-time positions. He previously recommended the elimination of one upper management level position, the Director of Human Resources during the 2001-2002 budget process. Currently the City of Eden has a total of 187 full-time employees, as well as a total of 94 part-time positions. Again, they may not have actually 187 people on the rolls, but that was the approved number from the City Council that was in the budget. With the recommendations contained herein, those numbers were recommended to change to 180 full-time positions and 64 part-time positions, once all of the specific recommendations have been implemented. This represents a reduction of 4.25% in the number of full-time positions that have been recommended for reduction since his arrival, which were a total of 8, as well as a reduction of 31.91% in the number of part-time positions, which represents a total of 30. He added that it was also noteworthy to point out that an additional 16 full-time positions have already been eliminated since 1995-1996. Those reductions, combined with the ones currently before them, would result in the number of full-time positions being reduced by a total of 23 positions or 11.33% since 1995-1996. He also added that it was noteworthy to point out that once all the specific recommendations have been implemented, the City of Eden would be at its lowest level of staffing since the 1980s. Obviously they would be operating a lean, yet they feel efficient organization.

A review of the information previously outlined indicated that the net savings based on current dollars, once each of the recommendations have been implemented, was approximately \$441,022.53 per year, which was an equivalent of 7.5 cents on their existing tax rate.

Obviously this was a plan and as with any plan it did not happen over night. Based upon their based estimates, concerning what positions would become vacant when, because

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they were not recommending the elimination of anyone's job. He explained that they were recommending, that they were at a unique opportunity in their history, in that they have many employees with 28 to 29 years of service who were on the verge of retiring, so their recommendation was that through attrition, they implement this plan. Based upon their estimates, they feel that the Fiscal Year 2002-2003 budget would see a net savings of \$74,469.53. This equates to 1.3 cents on the tax rate. Obviously it was not in size of the \$441,000 that they would realize in year 3, but the way that they looked at it was that a savings of \$74,000 was better than a savings of nothing. In FY 2003-2004 the net savings was projected to climb to a total of \$216,941.53 which equated to 3.7 cents on their tax rate. Finally, by the year 2004-2005, when the required number of people that they were looking at would have reached their 30 years of service, based on current dollars, it was \$441,022.53, which was 7.5 cents on the tax rate.

The recommendations contained herein would translate into a tremendous savings on an annual basis to the taxpayers of the city. They feel their recommendations in response to the weakening economy demonstrates that they were taking a proactive position in terms of "managing the change" rather than letting the "change manage us".

He stated that they feel confident in their ability to maintain a high quality of service to the citizens of Eden upon the implementation of the included staffing recommendations and that each of the recommendations contained in this report were logical, justifiable and needed. In the end, he stated that they feel that they have accomplished their initial goal and have now discovered what departments/divisions really needed additional employees, what departments/divisions could get by with less, without sacrificing service to the citizens, and what restructuring initiatives would need to take place to lead to a more efficient, effective and economical organization.

Mr. Corcoran respectfully requested that a motion be made and passed adopting the various recommendations set forth in the Staffing Assessment document and he was ready to address any questions that they may have.

Council Member Grogan congratulated Mr. Corcoran and Mrs. Ford, and everyone who were involved in the study. He thought that it was comprehensive and as Mr. Corcoran had said before it was a "plan". He added that he thought that it should be adopted, but to what degree today, that was his question. He stated that as they look at the upcoming budget, and the State of North Carolina, and the numbers that they have heard, for the city, was about \$550,000, and that was half a year. Then they talk about not receiving any money next year, which was a million or so bucks they would not get, or possibly not get. He added that he had no doubt and questions what so of as far as the positions he had talked about and the ones asked for, but his concern was in getting income to meet their expenses, he knew that the City Manager put heart and soul into this study, because of all the stress that has been on him since he had been here, with what he inherited, but the bottom line was as far as he felt was that a number of the positions in there could be postponed. He stated that the only position that he thought should absolutely be done was the replacement within the Inspections Department. Those other positions would

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help make the city run better, but there again they come back to the dollars and the cost. A portion this year and a portion next year, like the \$74,000 savings in this year and next year it would be a little more, a little more savings next year and we get our income coming up, and finding out what was going to happen in this State, to the State's economy, he pointed out that the State was looking at the possibility of losing its bond rating and he felt quite sure that when they look at redoing their finances, that their ratings would change, and therefore costs go up. If North Carolina loses its bond rating, that was probably another \$300 million in expense for the State and it was bleak, not just in Eden but all over the State, as far as people needing and providing the services that the citizens want. He noted that they would be having a retreat next week and begin some dialog for budgets and where they were going to get money, but he supported Mrs. Ford and the City Manager in what they were wanting to do, but to do it all this year. He stated that he knew that the Council had put off for the past four years, and prior to that four years, every time they come to a budget meeting, there would be no increases in taxes, fees, etc., and that went on for 12 years, and unfortunately the rubber has hit the road, and it was not going to go away.

Council Member Epps commented that he had read this report and he was very impressed, especially where all the department heads had signed off. One reason that he ran for City Council was because things have been set on and he thought they had a man who was in charge, and a committee there that wanted to do things. He stated that he felt that this was good for the city and a shot in the arm to the citizens and it would show people that they were not laying down playing dead, and that they were going to put a smile on and see this through. He added that this was not set in stone, if approved. There would still be things that would maybe need to be changed, so he was in favor of this proposal.

Council Member Tudor commented that taking both Council Member Grogan and Epps' comments into consideration from having the greatest respect and the qualifications of the City Manager and their new Finance Director, he wanted to make a motion to approve this plan as presented.

A motion was made by Council Member Tudor seconded by Council Member Epps to approve this plan.

Council Member Gover stated that he appreciated the City Manager and his staff for the work they have done on this. He stated that this was why they have a good manager, to come up with a good plan. But, when he made out the budget, how would that \$74,000 be illustrated.

Mr. Corcoran replied that there would be a variety of areas. First of all, in the Treatment Plant Department, currently, one of the things he had done, as positions became vacant during the year, much to the chagrin of the department heads, he froze them. He explained that he did so because he did not know what the staffing assessment was going to say and he felt that if the assessment came back and say that they needed to eliminate a

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job in a certain department that it sure would behoove them to already have that vacancy. If they read the Treatment Plant section, there were already two individuals that were vacant right now. It did call for hiring one individual, so part of the savings they would see immediately would be in the Treatment Plants. Another area where they would see immediate savings was in the Collections and Distributions Division where they have three vacancies. The recommendation was to hire one person and to eliminate the other two jobs that were currently vacant. Next year, when they see the budget figures for personnel, they would see a reduced figure in Collection and Distribution. Another area was the Police Department. Currently they have a vacancy in the Dispatch position and a Patrol Officer's position. Obviously if they proceed, both of those positions would not be filled. So, the salaries and benefits associated with those positions were immediate savings that they would see. Most of their first, and in fact, since they have received this document, they have been informed of another Police Officer who plans to retire in May, so actually there would be two Police Officer positions and one Dispatch position. They would not see it in one specific place but in different departments.

Council Member Grogan added that it would total dollar-wise somewhere around \$75,000.

Mr. Corcoran replied that was correct. He added that obviously they would love to come to Council and say they could save \$400,000 in the first year, but they made a decision early on that they had a number of people who have committed 28 or 29 years to the city and they did not feel that it was fair to lay them off with only one or two years to go. They decided to do it as attrition hits, and to show them what would happen over the next three years.

Council Member Vestal reiterated that Mr. Corcoran and his staff did a good job. He pointed out that it was just a plan and if they adopted this today, it could be changed.

Mr. Corcoran agreed that there could be changes. He explained that there has been some changes as the result of the economy. He noted that on February 5, when the Governor announced his cut backs there was one more position that had been recommended. He and Mrs. Ford had met and decided that the position was going, and the department head had also come to him and offered up that position, without knowing that they had already decided to cut it.

Another thing, prior to February 5, the timing of the implementation for a lot of those positions was going to be immediate. He noted that the majority of them were recommended for July 1 and that was to tie in with the budget. He stated that if the Council approved the plan then their intent would be to move towards those recommendations. If they get in the budget process and discover that it was worse than anticipated then he and Mrs. Ford would return to them and freeze some of the positions for implementation in January of 2003 or later. He explained that they realized that at the bottom line they had to bring the Council an adopted budget. On the same token if they

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take action it allowed for them to plan, let them know what was going to happen, factor this money into the budget, to see what could and could not be done.

He explained that he and Mrs. Ford had already discussed a priority of those jobs that were called for on July 1. What jobs would be delayed first if needed, what would be second, etc., so it was fair to say that if the Council adopted it today, it did not mean that he or the Finance Director would turn a blind eye to the economy. They were going to keep a close eye on the economy and the plan would be, if the money was there and the budget allowed, then they would proceed with the full implementation.

He stated that the only positions in the plan that were recommended for immediate (action) were the positions that the money was already there. For instance, in the Treatment Plants they recommended that immediately proceeding with that position. That was because if they looked at the two positions that were already vacant, they had more than enough money in the budget without adding any new money. Their goal was to not add any new money to carry this out. In Collection & Distribution, they have three vacancies, which totaled a lot of money. He recalled the ORC, Systems Operator III (now retired), was making a very good salary. When they take the amount of money that he was making, as well as the other two individuals and compare that to hiring an individual, which for instance in that position, he noted that he had before them a letter dated February 13, 2002, from the North Carolina Department of Environmental and Natural Resources telling them that they did not have an ORC on staff with necessary certifications and warning them that if they did not do that they could face fines.

Council Member Myott commented that that was going to be her question, if adopted tonight, how many of those positions would be advertised.

Mr. Corcoran replied that immediately, probably two, and possibly three. The first two would be the position for the Treatment Plant and the position in Collection & Distribution. He noted that it was also recommended that the Collection & Distribution Division be relocated under the auspices of the Treatment Plants Director and they were recommending that his job title be changed to Director of Public Utilities. That staff was short three people right now, and that was also they were being giggered on from the State, so they needed to proceed in a timely manner to get a new ORC. The only other position in the budget that was called for, prior to July 1 was the Director of Business Development. That position was slated for a start date of May 1.

He noted that if the Council were to approve this today, by the time it was advertised and interviews were conducted they were probably looking at May 1st for the other two positions also.

Council Member Grogan requested that when they interview for the Business Development Director the Chamber of Commerce Board would like to be able to review it with the City Manager.

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Mayor Price and Mr. Corcoran commented that they did not see a problem with that.

Council Member Vestal commented that on some of the recommendations, and he used the Fire Department as an example, they were leaving open for committees to do studies and so forth, and if some of those studies indicate that they could do without the positions he had recommended, then that would be followed.

Mr. Corcoran replied that was correct. He added that there had been a rumor circulating around the community that the recommendation was to close fire stations. He explained that in a period of cut back management, everything needed to be on the table. That did not mean they were going to do it, but they needed to look at it and investigate the feasibility. The staffing assessment states that it recommended that the Public Safety Committee investigate the feasibility of the possibility of reducing fire stations. Two, it recommended that the Public Safety Committee examine the fire tax district issue which they have already voted upon, and third that they investigate the feasibility of becoming a first responder agency. None of those were easy issues to decide or were they going to be decided overnight. Obviously if they do an annexation, how would that impact it. If they implement a fire tax district in the rural fire department areas, how would that be impacted, so his point was, with so many unanswered questions, they did not feel that they were in a position to make a firm recommendation. He stated that his recommendation was to look at it and study it and give the committee until the end of this calendar year, and then make a report back to the Council.

Council Member Vestal stated that he had heard those same rumors and he wanted to clarify that.

Mr. Corcoran noted that he had given the Eden Daily News reporter a copy of the Fire Department section, so she has the exact language to expel that rumor.

Action on the motion was as follows: All Council Members present voted in favor of this motion. This motion carried.

ADJOURNMENT:

A motion was made by Council Member Tudor seconded by Council Member Epps to adjourn. All Council Members present voted in favor of this motion. This motion carried.

Respectfully submitted,

Kim J. Scott, City Clerk

ATTEST:

Philip K. Price, Mayor