

JOINT MEETING
Greenville City Council/Greenville Utilities Commission Board Meeting

April 22, 2024

6:00 PM

City Hall Council Chambers, 200 West 5th Street

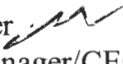

- I. Call Meeting to Order - Mayor Connelly
Call Meeting to Order - Chair Geiger
- II. Approval of Agenda - City Council
Approval of Agenda - Greenville Utilities Commission
- III. Public Comment Period - For issues that are germane to both the City Council and Greenville Utilities Commission Board

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.

- IV. New Business
 - 1. Approval of Minutes from the September 14, 2023 Joint City Council - Greenville Utilities Commission Board Meeting
 - 2. Consideration of Market Adjustment/Merit Allocation for FY 2024-25
 - 3. Consideration of Salary Structure Adjustment for FY 2024-25
 - 4. Consideration of 401(k) Employer Contribution
- V. Adjournment - Greenville Utilities Commission
Adjournment - City Council

MEMORANDUM

TO: Mayor and City Council
Greenville Utilities Board of Commissioners

FROM: Michael W. Cowin, City Manager 
Anthony C. Cannon, General Manager/CEO 

DATE: April 17, 2024

SUBJECT: Joint City/GUC Pay and Benefits Committee Recommendations for FY 2024-25

The Joint City/GUC Pay and Benefits Committee met on March 18, 2024. The result of this meeting was the following recommendations to be considered by City Council and GUC Board of Commissioners at their upcoming Joint Meeting scheduled for Monday, April 22, 2024, at 6:00 p.m.

Pay Philosophy

In order to mitigate pay compression and to attract and retain high-performing employees, the City Council and Greenville Utilities Commission's Board of Commissioners use an "at market" pay philosophy. As such, both organizations strive to pay at market and adjust the salary structures as needed to maintain market competitiveness. This enhances the City's and GUC's ability to recruit and retain qualified and high-performing employees. This is especially important in today's increasingly competitive and tightening labor market.

Market Adjustment/Merit Allocation

The City and GUC have traditionally used Catapult's (formerly CAI) annual *North Carolina and Regional Wage & Salary Survey* as the primary benchmark guide for establishing the market as it relates to wage growth. Catapult's survey provides comprehensive pay practice and salary data for private- and public-sector employers across North Carolina, with a small number of employers located in the bordering states of South Carolina, Tennessee, Virginia, and Georgia.

In order to make informed compensation decisions and to ensure that Catapult is truly representative of the market, the City and GUC have also used other reliable data sources such as reputable published surveys and wage data from public-sector benchmark organizations and local private-sector employers. Following is data collected from the published survey sources:

Survey Company	Projection
Catapult*	3.7%
Economic Research Institute (ERI)	3.9%

Survey Company	Projection
Korn Ferry	4%
Mercer	3.9%
The Conference Board	4.1%
Willis Towers Watson	4%
WorldatWork	4.1%

**COG and GUC have traditionally used Catapult as the primary benchmark guide*

As depicted in the chart above, 2024 wage projections and trends among all these surveys are relatively consistent, collectively averaging 4%.

As previously noted, in addition to gathering published survey projections, COG and GUC staff also surveyed our established benchmark public-sector organizations and several local private employers to determine their plans related to compensation decisions for FY 2024-2025.

- Public-sector benchmark organizations: The public-sector benchmark organizations are comprised of 26 municipalities and utilities. Of the organizations that responded, 24 gave their employees pay increases in FY 2023/24; the average actual increase was 5.5% (market and/or merit). Most of the benchmark organizations are in the process of developing their FY 2024/25 budgets and have not made a decision regarding pay increases. Of the 7 organizations that have responded, the average pay increase projection for FY 2024/25 is 5.3% (market and/or merit).
- Local private employers: For FY 2024/25, 29 private-sector employers were surveyed. Of the 7 employers that responded, they are projecting pay increases that average 3.7% (market and/or merit). Those same employers reported actual increases averaging 3.7% (market and/or merit) last year.

COG/GUC Combined Market and Merit Adjustment Benchmark History

Fiscal Year	Catapult	Private Sector	Public Sector	COG	GUC
20/21	2.5%	2.1%	2.2%	2.0%	2.0%
21/22	3.1%	2.7%	3.9%	2.0%	2.0%
22/23	3.8%	4.8%	5.2%	4.0%	4.0%
23/24	4.2%	3.7%	5.5%	2.0%	2.0%
24/25	3.7%*	3.7%*	5.3%*	TBD	TBD

**Projections per Catapult's NC and Regional Wage & Salary Survey. The private & public sector data represents projections collected during the Spring of each year as part of the Pay & Benefits planning process.*

GUC/COG Combined Market and Merit Adjustment History

Fiscal Year	Annual		Combined
	Market	Merit	
20/21 (GUC) (COG)	.5%	1.5%	2.0%
21/22 (GUC) (COG)	.5%	1.5%	2.0%
22/23 (GUC) (COG)	2.5%	1.5%	4.0%
23/24 (GUC) (COG)	.5%	1.5%	2.0%

Recommendation

In order to maintain market competitiveness, the Joint Committee recommends that the City and GUC fund an employee pay adjustment of 4% for FY 2024-2025, applied as deemed appropriate by each entity.

Salary Structure Adjustment

WorldatWork projects salary structures to increase by 2.6% for 2024. The City and GUC have historically used WorldatWork data because their Salary Budget Survey is the largest and most trusted resource of salary and structure adjustment data used by compensation professionals nationally and internationally.

Recommendation

In order to maintain market competitiveness, staff recommends that salary structures be adjusted by 2.6% for FY 2024-2025.

401(k) Employer Contribution

Currently, the City and GUC contribute \$40 per pay period (\$1,040 per year) to the 401(k) accounts of full-time and designated part-time employees, except for sworn law enforcement officers employed by the City who, pursuant to North Carolina General Statute, receive a 5% 401(k) contribution.

As shown in the attachment, the City and GUC are the only organizations among the 20 largest North Carolina municipalities that contribute a flat dollar amount for general employees; the remaining 19 municipalities contribute a percentage currently averaging 3.8%. For an employee earning \$35,000 annually, a 3.8% employer contribution equates to \$1,330 per year, while a 3.8% employer contribution equates to \$1,900 per year for an employee earning \$50,000 annually. In both examples, the employer contribution is greater than the \$1,040 per year contributed by the City and GUC.

In today's highly competitive labor market, it is imperative that the City and GUC offer market competitive benefits—in addition to pay—in order to attract and retain talent. Additionally, increasing the 401(k) employer contribution for its general employees will more closely align the contribution to that of sworn law enforcement officers, which is the practice of most North Carolina municipalities.

Recommendation

For full-time and select designated part-time employees (excluding sworn law enforcement officers), change the 401(k) employer contribution from \$40 per pay period to 3% per pay period effective FY 2024/25. Funding permitting, increase the 401(k) employer contribution by a quarter percent each fiscal year until the 401(k) employer contribution reaches 3.75%, at which time the employer contribution will be reevaluated for market competitiveness. For designated part-time employees who would be adversely impacted by the change to 3% per pay period, maintain the current 401(k) employer contribution of \$40 per pay period.

We look forward to seeing you at the upcoming Joint Meeting on April 22nd at 6:00 p.m.

Attachment

cc: Chris Padgett, GUC Assistant General Manager/Chief Administrative Officer
Ken Graves, COG Deputy City Manager
Dene' Alexander, COG Assistant City Manager
Leah Futrell, COG Director of Human Resources
Richie Shreves, GUC Director of Human Resources

Joint Greenville City Council/Greenville Utilities Commission Board Meeting

Monday, April 22, 2024

6:00 p.m.

City Council Chambers

200 West Fifth Street

1. Call Meeting to Order – Mayor Connelly
Call Meeting to Order – Chair Geiger
2. Approval of Agenda – City Council
Approval of Agenda – Greenville Utilities Commission
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4. Approval of Minutes from the September 14, 2023 Joint City Council-Greenville Utilities Commission Board Meeting
5. Consideration of Market Adjustment/Merit Allocation for FY 2024-25
6. Consideration of Salary Structure Adjustment for FY 2024-25
7. Consideration of 401(k) Employer Contribution
8. Adjournment – Greenville Utilities Commission
Adjournment – City Council

**PROPOSED MINUTES
JOINT MEETING OF THE GREENVILLE CITY COUNCIL
AND GREENVILLE UTILITIES COMMISSION BOARD OF COMMISSIONERS
SEPTEMBER 14, 2023**

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 Thursday, September 14, 2023, at 5:00 p.m. in City Council Chambers located at 200 West Fifth Street, Greenville, NC.

City Council Members Present

Mayor P.J. Connelly	Council Member Rick Smiley
Mayor Pro-Tem Rose Glover	Council Member Les Robinson
Council Member Monica Daniels	
Council Member Marion Blackburn	

City Council Members Absent

Council Member Will Bell

City Staff Members Present

City Manager Ann Wall	Assistant City Manager Ken Graves
City Attorney Emanuel McGirt	Director of Human Resources Leah Futrell
City Clerk Valerie Shiuwegar	Communications Manager/PIO Brock Letchworth
Deputy City Manager Michael Cowin	

Greenville Utilities Commission Members Present

Chair Peter Geiger	Commissioner Wanda Carr
Commissioner Lindsey Griffin	Commissioner Mark Garner
Commissioner Tommy Stoughton	City Manager Ann Wall
Commissioner Ferrell L. Blount III	

Greenville Utilities Commission Members Absent

None

Greenville Utilities Commission Staff Present

General Manager/CEO Tony Cannon
Assistant General Manager/CAO Chris Padgett
General Counsel Phil Dixon
Chief Financial Officer Jeff McCauley
Executive Assistant to the General Manager/CEO Amy Wade
Secretary to the General Manager/CEO Lou Norris
Director of Human Resources Richie Shreves
Communications Manager/PIO Steve Hawley
Senior Human Resources Manager Lena Preville

Others Present

Steve Graybill, Jeff Monico, Dr. Robert Shaw, and Kristi Dixon

I. Call to Order

Mayor Connelly called the meeting to order for the City Council and ascertained that a quorum was present via roll call by Valerie Shiuwegar.

Chair Geiger called the meeting to order for the GUC Board and ascertained that a quorum was present via roll call by Amy Wade.

II. Approval of the Agenda

Upon motion by Commissioner Garner and second by Commissioner Griffin, the GUC Board unanimously approved the agenda as presented.

Upon motion by Council Member Blackburn and second by Mayor Pro Tem Glover, the Greenville City Council unanimously approved the agenda as presented, 5:0.

III. Public Comment Period

Mayor Connelly opened the Public Comment Period at 5:08 p.m.

Mr. Jeff Monico

Mr. Monico stated that he is the Chairman of the Cypress Group of the Sierra Club. He stated that Ms. Emily Garner, GUC Public Information Specialist, gave a presentation to his group about GUC's environmental program. He encouraged GUC to market good energy choices and eliminate confusion about natural gas.

Dr. Robert Shaw

Dr. Shaw praised GUC for providing cost effective electricity and water. He stated that his concerns are about the price and accessibility of solar options for citizens and his perception of the promotion of natural gas on GUC's website. He asked that GUC make the solar rate more accessible and eliminate the promotion of natural gas.

Ms. Khristi Dixon

Ms. Dixon stated that she has been a resident of Greenville for 20 years. She stated that she is a realtor and advocates for alternative options to gas stoves. She stated her concerns with promoting natural gas and the importance of informing the public about the facts of using natural gas and let them make their own decision.

There being no other guests who wished to speak during the public comment period, Mayor Connelly closed the public comment period at 5:17 p.m.

IV. Approval of the Proposed Minutes

Upon motion by Council Member Smiley and seconded by Council Member Robinson, the Greenville City Council unanimously approved the April 24, 2023, Joint Minutes as presented, 5:0.

Upon motion by Commissioner Griffin and seconded by Commissioner Stoughton, the GUC Board unanimously approved the April 24, 2023, Joint Minutes as presented.

V. Joint Pay and Benefits Committee Recommendation on Plan Year 2024 Health and Dental Benefits

City Manager/GUC Commissioner Ann Wall called upon Mr. Steve Graybill with Mercer Consulting to provide the presentation.

Mr. Graybill presented a summary of years 2019 – 2023:

Changes and beyond
2019 – 2023

2023 <ul style="list-style-type: none">Slightly increased the office visit copays on the Core plan as well as a minor increase to the Rx copays for both Enhanced/CoreGiven the require for a significant increase to the rates COG/GUC had to increase contributions for the employees/dependents:<ul style="list-style-type: none">Employee contributions increased by 5%Dependent contributions increased by 11%Kept dental rates and contributions at same levels as 2022/2021	2021 <ul style="list-style-type: none">Added Patient Assurance programs for the PPO style plansAdded SaveOnSP
2022 <ul style="list-style-type: none">Added Cancer Expert Now as a Cancer COE for the COG/GUC populationEnhanced the Omada offering to Omada CompleteAdded Cigna's Condition Specific Care programKept medical rates and contributions the same as 2021Kept dental rates and contributions at same levels as 2021	2020 <ul style="list-style-type: none">Added Omada, a weight-loss and pre-diabetes coaching program to help reduce the risk of obesity-related chronic diseasesNo changes to the medical, dental, or vision plan designsNo changes to medical or dental employee contributions
	2019 <ul style="list-style-type: none">Moved to the Value PDL Rx formulary7.5% increase to all contributions across the board to get to a 82% cost shareIncreased dental contributions 7.7%.

2023 was the first rate/contribution increase COG/GUC implemented after being able to hold rates/contributions flat for 3 years in a row (2020-2022)

He noted that 2023 was the first year after a period of three years that an increase had to be implemented. He stated that market increases were projected to be around 8% and the recommended rate would come in slightly lower at 5%. He stated that pharmacy rebates and wellness incentive programs are limiting budget increases, but the plan is still running slightly over budget. He recommended sharing the cost at 5% for employees and 5% for employers with a maximum increase of \$21 and lower pay rates at \$14. He stated that there is a big utilization of the dental plan and recommended a 3.7% increase. He recommended no design changes for vision and EAP plans. Recommendations will be effective January 1, 2024.

Council Member Blackburn asked that Mr. Graybill talk a little more about the Cigna renewal at 8% for stop-loss.

Mr. Graybill stated that a stop-loss level is purchased at a level of \$325k. When there is a claim that exceeds that amount, Cigna will take on the additional risk. He stated that the market is around 18% and the recommendation is a renewal at 8%.

Council Member Smiley made a motion to accept the recommendation and approve the changes. Council Member Robinson seconded the motion and it passed unanimously, 5:0.

Commissioner Blount made a motion to accept the recommendations and approve the changes. Commissioner Stoughton seconded the motion and it passed unanimously.

VI. Adjournment

There being no further discussion, Council Member Blackburn moved to adjourn the meeting. Council Member Daniels seconded the motion, and it passed unanimously, 5:0.

There being no further discussion, Commissioner Stoughton moved to adjourn the meeting. Commissioner Griffin seconded the motion and it passed unanimously.

The meeting was adjourned at 5:25 p.m.

Respectfully submitted,

Valerie Shiuwegar
City Clerk, CMC

401k – Employer Contributions Survey (updated January 2024)

20 Largest NC Municipalities

	Municipality	Employer Contribution to 401k	Annual Contribution - \$35,000 Salary	Annual Contribution - \$50,000 Salary	Annual Contribution - \$65,000 Salary	Annual Contribution - \$80,000 Salary
1	Charlotte	3%	\$1,050.00	\$1,500.00	\$1,950.00	\$2,400.00
2	Raleigh	Up to 3%	\$1,050.00	\$1,500.00	\$1,950.00	\$2,400.00
3	Greensboro	3.25% (401a)	\$1,137.50	\$1,625.00	\$2,112.50	\$2,600.00
4	Durham	5%	\$1,750.00	\$2,500.00	\$3,250.00	\$4,000.00
5	Winston-Salem	2% (401a)	\$700.00	\$1,000.00	\$1,300.00	\$1,600.00
6	Fayetteville	1%	\$350.00	\$500.00	\$650.00	\$800.00
7	Cary	5%	\$1,750.00	\$2,500.00	\$3,250.00	\$4,000.00
8	Wilmington	4.5%	\$1,575.00	\$2,250.00	\$2,925.00	\$3,600.00
9	High Point	Up to 3%	\$1,050.00	\$1,500.00	\$1,950.00	\$2,400.00
10	Concord	3.5%	\$1,225.00	\$1,750.00	\$2,275.00	\$2,800.00
11	Asheville	6%	\$2,100.00	\$3,000.00	\$3,900.00	\$4,800.00
12	Greenville	\$40/pay period	\$1,040.00	\$1,040.00	\$1,040.00	\$1,040.00
13	Gastonia	5%	\$1,750.00	\$2,500.00	\$3,250.00	\$4,000.00
14	Jacksonville	2%	\$700.00	\$1,000.00	\$1,300.00	\$1,600.00
15	Apex	5%	\$1,750.00	\$2,500.00	\$3,250.00	\$4,000.00
16	Huntersville	5%	\$1,750.00	\$2,500.00	\$3,250.00	\$4,000.00
17	Chapel Hill	5%	\$1,750.00	\$2,500.00	\$3,250.00	\$4,000.00
18	Burlington	5%	\$1,750.00	\$2,500.00	\$3,250.00	\$4,000.00
19	Kannapolis	Up to 3%	\$1,050.00	\$1,500.00	\$1,950.00	\$2,400.00
20	Rocky Mount	3%	\$1,050.00	\$1,500.00	\$1,950.00	\$2,400.00
	AVERAGE	3.8%	\$1,330.92	\$1,901.32	\$2,471.71	\$3,042.11
	Greenville vs. Average		(\$290.92)	(\$861.32)	(\$1,431.71)	(\$2,002.11)

Other Regional/County Peers

Municipality / County	Employer Contribution to 401k
Elizabeth City	5%
Goldsboro	4%
Havelock	5%
New Bern	5%
Pitt County	5.08%
Tarboro	6%
Trillium	5%
Washington	\$50/pay period
Wilson	5%
Winterville	5%