

MEMORANDUM

TO: Joint City/GUC Pay and Benefits Committee

FROM: Ann E. Wall, ^{KW}City Manager
Anthony C. Cannon, General Manager/CEO ^{ACC}

DATE: March 15, 2022

SUBJECT: City/GUC Joint Pay and Benefits Committee Meeting Items

The next meeting of the City/GUC Joint Pay and Benefits Committee is scheduled for Tuesday, March 22, 2022, beginning at 2:00 p.m. in the Board Room at GUC. A copy of the Meeting Agenda is enclosed for your review.

Pay Philosophy

In order to mitigate pay compression and 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 pay at market and adjust our salary structure as needed so that it is market competitive. 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

This time last year, overall, our pay plan was considered market competitive; however, much has changed in the compensation arena since last year's Spring meeting and both the City and GUC are feeling the effects. As such, the City and GUC have engaged a consultant to perform a True Up Market Study. The Study is similar in scope to the True Up Market Study that was conducted in 2015. In all of these efforts, 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 results of the Study will be available mid-summer.

The City and GUC have traditionally used the survey from Capital Associated Industries (CAI), now known as Catapult, 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 (now Catapult) is truly representative of the market. As such, for the past several years we have also included survey data from Aon Hewitt, Korn Ferry, Mercer, Willis Towers Watson and WorldatWork. This year, staff was unable to find US data for Aon Hewitt; therefore, the Economic Research Institute and The Conference Board have been added because both are highly respected data providers that collect salary survey data from private and public sources to assist employers with compensation planning. As depicted in the chart below, 2022 wage projections and trends among all these surveys are relatively consistent, collectively averaging 3.6%.

Survey Company	Projection
Catapult (fka CAI)*	2.8%
Economic Research Institute (ERI)	4.4%
Korn Ferry	3.4%
Mercer	3.35%
The Conference Board	3.9%
Willis Towers Watson	3.4%
WorldatWork	4.0%

**COG and GUC have traditionally used CAI (now Catapult) as the primary benchmark guide*

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 2022-2023.

- Public-sector benchmark organizations: The public-sector benchmark organizations are comprised of 26 municipalities and utilities. Of the 24 organizations that responded, 23 gave their employees pay increases in FY 2021/22; the average actual increase was 3.9% (market and/or merit, including the organization giving 0%). Most of the benchmark organizations are in the process of developing their FY 2022/23 budgets and have not made a decision regarding pay increases. Of the three organizations that have responded, the average pay increase projection for FY 2022/23 is 3.8% (market and/or merit).
- Local private employers: For FY 2022/23, nineteen private-sector employers were surveyed. Of the ten employers that responded, they are projecting pay increases that average 3.0% (market and/or merit). Those same employers reported actual increases averaging 2.7% (market and/or merit) last year.

GUC/COG Combined Market and Merit Benchmark History

Fiscal Year	Private Sector	Public Sector	GUC	COG
20/21	2.1%^	2.2%^	2.0%	2.0%
21/22	2.7%	3.9%	2.0%	2.0%
22/23	3.0%*	3.8%*	TBD	TBD

**The private & public sector data represents projections collected during the Spring of each year as part of the Pay & Benefits planning process.*

^Due to the Pandemic, no public or private sector data was collected in 2020; however, actuals for 2020 were collected in early 2021 as part of the Pay & Benefits planning process.

GUC/COG Combined Market and Merit Adjustment History

Fiscal Year	Annual		Combined
	Market	Merit	
15/16 (GUC) (COG)	.5% 2.0%	1.5% 0%	2.0% 2.0%
16/17 (GUC) (COG)	.5% 2.0%	1.5% 0%	2.0% 2.0%
17/18 (GUC) (COG)	1.7% 2.0%	1.5% 1.2%	3.2% 3.2%
18/19 (GUC) (COG)	1.2% 1.2%	1.5% 1.5%	2.7% 2.7%

GUC/COG Combined Market and Merit Adjustment History			
19/20 (GUC)	1.2%	1.5%	2.7%
(COG)	1.2%	1.5%	2.7%
20/21 (GUC)	.5%	1.5%	2.0%
(COG)	.5%	1.5%	
21/22 (GUC)	.5%	1.5%	2.0%
(COG)	.5%	1.5%	

Salary Structure Adjustment

WorldatWork projects salary structures to increase by 2.1% for 2022. 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. City and GUC salary structures were not updated for FYs 2020/21 or 2021/22. In order to maintain market competitiveness, it is recommended that salary structures be adjusted by 2.1% for FY 2022/23.

Compensation Study

Similar to other public and private sector organizations nationwide, the City and GUC are experiencing issues with the recruitment and retention of qualified staff and have, therefore, embarked upon a True Up Market Study with Segal. Over the course of the next several months, Segal will survey peer organizations to collect compensation data related to 130 positions within the City and GUC. The peer organizations and benchmark positions were collectively identified by the City and GUC. Segal will also use published survey data in order to consider relevant private sector market data. Once all data has been collected, reviewed and analyzed, Segal will prepare a report detailing their methodology, findings, and recommendations. Results from the Study are expected to be reported by mid-summer.

Summary

The past 24 months have certainly been unprecedented and challenging times given the impact that the COVID-19 pandemic has had on nearly all aspects of our business and personal lives. Based on the information collected and presented in this Memorandum, Staff recommends a 4% merit/market adjustment and a 2.1% salary structure adjustment for FY 2022/23. This recommendation will be discussed in detail at the Committee meeting. The Committee’s formal recommendation will be considered by City Council and the GUC Board of Commissioners at the April 25th Joint Meeting.

We look forward to seeing you at the upcoming Joint Pay and Benefits Committee Meeting on March 22nd.

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

Joint City/GUC Pay & Benefits Committee

Tuesday, March 22, 2022

2:00 p.m.

GUC Board Room

- I. Call to Order
- II. Approval of the Agenda
- III. Approval of Minutes – August 26, 2021
- IV. Consideration of Market Adjustment/Merit Program for FY 2022-2023
- V. Consideration of Salary Structure Adjustment
- VI. Update on Compensation Study
- VII. Next Steps
- VIII. Adjournment

**PROPOSED MINUTES
JOINT CITY COUNCIL/GREENVILLE UTILITIES PAY & BENEFITS COMMITTEE
GREENVILLE UTILITIES, NORTH CAROLINA
THURSDAY, AUGUST 26, 2021**

The Joint Pay and Benefits Committee of the City of Greenville (COG) and the Greenville Utilities Commission (GUC) held a meeting on Thursday, August 26, 2021 in the GUC Board Room located at 401 S. Greene Street, Greenville, NC.

Committee members present included Council Member Rick Smiley, Mayor Pro-Tem Rose Glover (remotely) and GUC Commissioners Kelly L. Darden, Jr. and Peter Geiger.

Other City officials and staff present included City Manager Ann E. Wall, Assistant City Manager Michael Cowin, Director of Human Resources Leah Futrell and City Clerk Valerie Shiuwegar.

Other GUC officials and staff present included General Manager /CEO Tony Cannon, Assistant General Manager/Chief Administrative Officer Chris Padgett, Director of Human Resources Richie Shreves, and General Counsel Phil Dixon.

Mercer Consultants present included Steve Graybill, David Corkett, and Parker Cramer.

I. CALL TO ORDER

City Manager Ann Wall called the meeting to order at 2:00 p.m. Roll was called and a quorum was ascertained.

II. APPROVAL OF THE AGENDA

Council Member Smiley moved to accept the agenda. Commissioner Geiger seconded the motion, which passed by unanimous vote.

III. APPROVAL OF MINUTES – MARCH 30, 2021

Council Member Smiley moved to approve the March 30, 2021 minutes. Commissioner Darden seconded the motion, which passed by unanimous vote.

IV. MERCER PRESENTATION: COG/GUC 2022 RECOMMENDATIONS FOR HEALTH/DENTAL INSURANCE

Mr. Steve Graybill provided a brief presentation explaining a new three-year strategy for years 2023-2025. Mr. Graybill explained that plan performance had been excellent and credited some of that performance to strong engagement. Mr. Graybill stated a recommendation to maintain current contribution rates and did not recommend an increase in medical and dental employee contributions for the 2022 calendar year. Mr. Graybill discussed the impact that health savings

accounts (HSA) could have on new hires and encouraged staff to continue promoting the use of the employee clinics.

V. DISCUSSION OF JOINT COMMITTEE RECOMMENDATIONS FOR HEALTH/DENTAL INSURANCE

Mr. Graybill recommended no changes to premiums for 2022. He stated that the plan was running better than what was initially expected. He mentioned that there had been a drop in March 2020 due to COVID but said that things had leveled back out. He additionally provided information regarding point solutions, programs that target specific issues such as cancer, diabetes, and fertility treatments.

Council Member Smiley asked if performance was higher because employees are generally healthier.

Mr. Graybill replied that healthier employees could be a result of early intervention due to clinic utilization.

Assistant City Manager Cowin added that the clinic has been widely used over the past three years and credited the inclusion of incentives for employees.

Mr. Graybill added that dental visits have returned to normal level due to dental offices opening back up and recommended no changes to dental.

GUC General Manager Cannon stated that if approved, it would go to the boards at the joint meeting for approval.

Upon motion by Council Member Smiley and second by Commissioner Darden, the Committee unanimously approved the motion to adopt staff recommendations on the new three-year strategy and to adopt recommendations to the medical and dental plans, and recommend similar actions to be taken by City Council and the GUC Board of Commissioners at the September 20, 2021 Joint Meeting.

VI. DISCUSSION OF JUNETEENTH HOLIDAY

Staff stated that the Juneteenth holiday is recognized at a federal level and, at this point, has not been formally recognized by the State. Staff stated that the purpose of this item is to allow board discussion and potentially take a recommendation regarding the holiday to both boards.

Council Member Smiley stated that majority of City Council was in support of adding the Juneteenth holiday, but are open to recommendations from the committee.

Mayor Pro-Tem Glover stated that because the boards usually recognize federal holidays, and because Juneteenth is a federal holiday, the Juneteenth holiday should be recognized by the boards.

Staff noted that there are some holidays recognized by both boards that are not federal holidays.

Commissioner Darden questioned the need to wait for the State or adopt what other cities have decided. He stated that he was ready to vote on adopting the holiday as an additional paid holiday.

Upon motion by Commissioner Darden and second by Mayor Pro-Tem Glover, the Committee unanimously moved to recommend that both boards make Juneteenth an additional observed holiday.

VII. NEXT STEPS

City Manager Wall stated that two recommendations from the Joint Pay and Benefits Committee regarding recommendations for health and dental insurance and the recognition of the Juneteenth holiday would be considered at the upcoming Joint City Council and GUC Board of Commissioners Meeting scheduled for September 20, 2021, at 6:00 p.m.

VIII. ADJOURNMENT

There being no further discussion, Council Member Smiley made the motion to adjourn the meeting and Commissioner Geiger seconded the motion. The vote was unanimous, and the meeting was adjourned at 2:37p.m.

Prepared by:

Krystal Roebuck
Administrative Assistant, City Clerk's Office

Respectfully Submitted,

Valerie Shiuwegar
City Clerk