

**Town of Garner
Council Work Session Minutes
June 26, 2018**

The Council met in a Work Session at 6:00 p.m. in the Council Chambers located at 900 7th Avenue.

CALL MEETING TO ORDER/ROLL CALL

Present: Mayor Ronnie Williams, Mayor Pro Tem Ken Marshburn, Council Member Kathy Behringer, Council Member Buck Kennedy, Council Member Gra Singleton and Council Member Jackie Johns.

Staff Present: Rodney Dickerson-Town Manager, Pam Wortham-Finance Director, Jeff Triezenberg-Planning Director, Tony Chalk-Town Engineer, Thad Anderson-Interim Town Attorney, Brandon Zuidema-Police Chief, BD Sechler-Human Resources Director, Mari Howe-Downtown Development Manager and Rebecca Schlichter-Deputy Town Clerk.

ADOPTION OF AGENDA

Motion: Marshburn
Second: Johns
Vote: 5:0

REPORTS/DISCUSSION

Benefits Study Presentation

Presenter: BD Sechler, Human Resources Director

Lee Weisiger of Gallagher Consulting provided an understanding of the benefits survey process and the results/findings.

Project Overview

Gallagher's HR and Compensation Consulting Practice, a division of Gallagher Benefit Services, Inc., was engaged by the Town of Garner to conduct a benefit survey and developed this report. The scope of this engagement included the following objectives:

- Identify peer towns and cities as comparators
- Design a custom benefits survey instrument for data collection
- Conduct a benefit survey using a custom survey of peers
- Present final report to the Town of Garner management team

Methodology

Gallagher talked with Human Resources to craft a compensation philosophy and survey comparator group around which the custom survey work was sent to.

The following approach was used in this study:

- Reviewed Town of Garner's benefit program
- Conducted a custom survey targeted at the specific organizations of relevance to the Town of Garner
- Performed the following steps:
 - Developed a survey data collection package, with completion instructions and data collection tools for each target participant. The custom survey collected participants' organizational information as well as benefits data related to Health and Wellness, Leave and Careers, and Retirement and Disability.
 - Crafted a draft cover letter requesting assistance to be sent to participants from TOG prior to the launch of the survey
 - Served as the third-party responsible for data confidentiality, data analysis and the preparation of a summary report
 - Distributed survey to the eleven (11) target participants identified by TOG
 - The participants represented public entities in the surrounding Raleigh MSA and other similarly sized North Carolina municipalities
 - Collected participant survey data over the course of three (3) weeks between February and March 2018
 - Over the course of the three weeks, Gallagher contacted the participants several times requesting participation
 - Analyzed the data from the seven (7) participating entities and applied the data to the market analytics.
 - Provided copies of the summary report to the participants
- Created and reviewed report to discuss findings

Using a Total Rewards Approach

When you consider total compensation in terms of total rewards, the added value is remarkable. Total rewards is everything of value resulting from the relationship with the employer, including all monetary and non-monetary considerations.

- Total rewards focuses on five specific components:
 - (1) Compensation

- (2) Benefits
 - (3) Work experience
 - (4) Performance and recognition
 - (5) Development and career opportunities
- Goal of using a total rewards approach is for motivation to drive organizational success. Employees working for a total rewards employer tend to be more motivated, productive, and happy.

Using a total reward approach may allow the Town of Garner the right mix of salary and benefits. The summary table (table B page 9) shows the Town of Garner is competitive with market in terms of benefits. If TOG combines salary, benefits, and the other total rewards components, it may become very competitive to its market and competitors.

Benefit Survey Participants

Table A below lists the survey participants. If a section was left blank, the participant did not provide the information.

Overall, the comparison group was much larger than TOG. The Town of Garner (TOG) is below the 50th percentile (market median) for full-time equivalents, annual operating budget, fiscal year payroll, and annual cost of benefits. But TOG is 6.69% above the 75th percentile for benefits as a percent of total payroll.

Table A.

Organization Name	Full Time Equivalent Employees (FTEs)	Annual Operating Budget	Fiscal Year Payroll	Annual Cost of Benefits	Benefits as a % of Total Payroll	Reason for Inclusion
Town of Cornelius	113	\$23,899,414	\$5,862,082	\$1,172,416	20.00%	Example of a smaller than Garner municipality
Town of Fuquay-Varina	243	\$30,000,000	\$11,500,000	\$4,037,866	23.30%	Local direct competitors for labor
Town of Morrisville	175	\$34,964,000	\$16,529,200	\$4,070,000	24.62%	Local direct competitors for labor
City of Asheboro	331	\$42,643,308	\$16,093,403	\$6,168,419	38.33%	Potential next step regarding growth
Town of Holly Springs	295	\$50,000,000	\$17,791,587	\$5,575,790	31.34%	Local direct competitors for labor
Town of Wake Forest	163	\$65,023,200	\$16,958,545	\$4,796,490	28.28%	Local direct competitors for labor
City of Hickory, NC	658	\$95,696,964	\$27,889,271			Potential long-term growth/size for Garner
25 th Percentile	169	\$32,482,000	\$13,796,702	\$4,045,900	23.63%	
50 th Percentile (median)	243	\$42,643,308	\$16,529,200	\$4,433,245	26.45%	
75 th Percentile	313	\$57,511,600	\$17,375,066	\$5,380,965	30.58%	






Average:	282.57	\$48,889,555	\$16,089,155	\$4,303,496	27.65%
Town of Garner	170	\$33,200,000	\$9,978,917	\$3,661,264	36.69%

Non-respondents (4): Town of Apex, Goldsboro, Town of Clayton and City of Burlington

Benefit Survey Results- Summary

Table B below summarizes the results from the benefits survey. Overall, the Town of Garner is at or above market for benefits, which is very competitive since the peer group of participants is somewhat larger than TOG.

Table B.

Benefit Area	Market Comparison	Comments
Benefits Costs as a % of Payroll	 Above Market	Overall, TOG is above market. TOG is very competitive with the benefit costs as a percent of payroll. TOG's benefits are 36.69% of payroll which are 6.69% higher than the 75th percentile (30.58%) and 10.24% higher than market (26.45%).
Pay Practices (including longevity)	 At Market	Overall, TOG is competitive with market. TOG is very competitive with longevity pay for employees hired before Sept 8, 2009 but falls below market for new hires. TOG offers no longevity to new hires while market offers different longevity amounts to the same group. TOG is very competitive by projecting about a 3.0% salary increase while market is projecting a 2.71% salary increase.
Health and Wellness (including retiree health)	 At Market	Overall, TOG is competitive with market. TOG is competitive with market in employer contributions for employee-only (100%) and retiree healthcare benefits. TOG only offers 1 health plan option and the market average is 1.29. TOG also doesn't offer as many wellness programs or informal benefits to its full-time employees as the market.
Paid Leave and Career Development	 Above Market	Overall, TOG is above market. TOG is very competitive for vacation (especially employees with tenure of 6 or more years) and carryover vacation days. TOG is competitive with holidays and bereavement days but is behind market for not offer a floating holiday (with the exception of police).
Retirement and Disability	 At Market	Overall, TOG is competitive with market. For 401k plans, both market and TOG match 5% and vest immediately. For defined benefit plans (state retirement plan) for law enforcement, town contribution of 8.25% with a 5 year vesting period. For the defined benefit

		plan (state retirement plan) for general employees, town contribution of 7.56% with a 5 year vesting period. Staff contribution into state retirement plan is 6%
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Section 1- General Pay and Benefits Practices

Overall, the Town of Garner is competitive with market and its general pay practices.

- Very competitive with longevity pay for employees who were hired prior to the September 8, 2009 policy. For hires after 2009, not having longevity pay can be a competitive disadvantage.
- Falls behind market because it does not offer any longevity pay to new hires.
 - About 71% of the market continues to offer some longevity benefit to new hires
 - Provide a few hundred dollars at each tenure level.
- Very competitive with the market by projecting a 3.0% salary increase

The market is projecting a 2.71% salary increase (custom survey question 2c).

Section 2- Health and Wellness

Overall, the Town of Garner is at market for health and wellness programs.

Health

- Offers health and dental insurance to its part-time employees, depending on hours worked,
 - Competitors do not.
- Does not offer the same benefits to its full-time employees as the market such as:
 - Vision,
 - Medical and dependent FSA offered,
 - Defined contribution health plans
 - Programs that allow employees to take a fixed amount of money to shop for their own insurance off a selection the employer provides
 - Indicated that it only offers dental and indemnity plans.
- About 85% of the market offers a Preferred Provider Organization (PPO) health plan.
- In line with market by offering only one health plan options (average is 1.29).
- Very competitive in retiree healthcare benefits for those hired prior to May 1, 2011
 - At market for those hired after May 1, 2011.

Wellness Programs

- Does not have as many wellness programs options that the market offers such as:
 - Example: Health assessment profiles
 - See table 5a of the report for the complete list.
 - About 85% of market does not offer a limit towards these programs.

- Is in line with market in terms of informal wellness benefits
 - Offers many of the same informal benefits as the majority of the market.

Section 3- Paid Leave and Career Development

Overall, the Town of Garner is at market for paid leave and career development.

Paid Leave

- Competitive with market for the number of holidays (12 days) and bereavement days (3 days)
 - Behind market for number of personal days (also known as a floating holiday)
 - The market average for personal days is 1
- Very competitive to market for:
 - Vacation days, especially for employees with tenure of six or more years, and
 - Carryover vacation days offering a maximum of 288 hours (36 days)
 - The market average is 105 hours (13 days). TOG is at market for exempt employees' comp time

Career Development

- Five of six respondents say they are using a career ladder approach to career development. Town of Garner also utilizes a career ladder approach for managing career development. (Police and Inspections Departments)

Section 4- Retirement, Disability, and Life Insurance

The Town of Garner is competitive with market in employee contributions to their programs.

- All competitors offer a retirement plan to full-time employees and the employees contribute 6%. (Mandated by NC Legislature)
- Competitive with market for retirement plan type.
 - All competitors offer a 401(k) with most matching 5%.
 - All competitors also offer a defined benefits plan for both general and law enforcement employees with the average employer contribution at 7.56% and 8.25%, respectively, vesting at 5 years. (Mandated by NC Legislature)

The Town of Garner is slightly below market for its part-time employees.

- About 30% of competitors offer retirement benefits to part-time employees.
 - Most of the market does not offer much in terms of disability benefits for full or part-time employees.

Next Steps

1. Review mix of benefits and ensure they are aligned with needs and desires of current staff demographics. Make changes if needed.
2. Consider creating a total rewards approach to compensating and rewarding employees.
3. Options for Consideration

Short-Term Implementation

- Paid Parental Leave
- Flexibility in setting new hire vacation accrual rates
- Add Prudential 457 retirement plan
- PD Only – return to 5% pay increase for specialized positions
- PD Only – reduce the amount of time required for career progression from 4 years to 3 years

Study/Research Further

- Reinstating longevity pay
- Increase cap on comp time allowed
- Count holiday hours as work time for purposes of comp time
- Add vision plan
- Increase town contribution to 401k based on years of service
- Increase town contribution to educational reimbursement
- Free staff PR&CR programming
- Garner resident rate for staff on PR&CR programming
- Paid community/service/civic leave time

Considered But Not Viable

- Condensed summer work schedule
- Double value of town paid life insurance
- Reinstate retiree health care
- Town paid memberships to gyms/health clubs
- Broaden/widen grade ranges

Mr. Sechler presented on the Police Department Pay & Benefits Executive Summary.

Purpose & Scope

- Developed in conjunction with the Town-wide benefits survey conducted by Gallagher
- More detailed and specific to the unique pay and benefits aspects of the police department
- Completed “in-house” by the Chief of Police and HR Director

Municipalities Participating

- Town of Apex
- Town of Morrisville
- Town of Wake Forest
- Town of Holly Springs

- Town of Fuquay-Varina
- Town of Clayton (Declined to Participate)

Summary of Survey Results

- Overall, Garner PD pay & benefits are competitive with local competition for labor
- Cost of health care premiums continues to be a concern for retention & attraction
- Lack of longevity pay, and retiree health care continues to be a concern for retention
- Range maximums for many Garner police positions are lower than other municipalities maximums for similar positions

Recommendations for Consideration

- Continue to explore ways to reduce health care premiums
- Research options to reimplement longevity pay
- Return to pre-2011 promotion increase levels for specialty position of 5%
- Reduce the eligibility for career progression steps from 4 years to 3 years

Action: Council consensus to give Council time to review and bring their recommendations to July 2nd Council Meeting.

Request for Sewer Extension – Purser Drive

Presenter: Rodney Dickerson, Town Manager

Mr. Vic Byrd a property owner on Purser Drive presented a request to extend sewer to properties on Purser Drive.

Action: Proceed with pursuing assessable sewer extension.

Motion: Kennedy
 Second: Marshburn
 Vote 5:0

UDO-18-01 - CBD Amendments

Presenter: Jeff Triezenberg, Planning Director

The Planning Department and the Downtown Garner Association have been working together to discuss possible changes to the Unified Development Ordinance. Mr. Triezenberg reviewed the changes presented for consideration.

Mr. Kennedy requested that notices were sent to all in CBD.

Action: Set public hearing for July 17, 2018

Motion: Marshburn
 Second: Singleton
 Vote 5:0

Modification to DHIC Agreement

Presenter: Rodney Dickerson, Town Manager

Mr. Dickerson stated DHIC, the developer of Pennington Grove, has asked to be released from their commitment to not seek tax exemption for phase 1 of their project, which has been completed. In keeping with the intent of the original commitment, DHIC will pay a fee-in-lieu of taxes to the Town annually. DHIC reaffirms its commitment to not seek tax exemption for phase 2 of their project, which is in the planning stages.

Action: Authorize Execution of Agreement

Motion: Singleton
Second: Behringer
Vote: 5:0

Uniform Guidance Procurement Policy

Presenter: Pam Wortham, Finance Director

Ms. Wortham explained Federal guidelines require the Town to incorporate a Uniform Guidance Procurement Policy for use when spending federal funds. This guidance is included in the Towns purchasing policy under Section 501.5 "Procurement Policy When Using Federal Funds".

Mr. Kennedy requested staff consider amending these requirements at a later date to put in professional liability insurance and limitation of liability.

Action: Adopt Policy 501 - Procurement Policy & Procedure Statement and allow staff to update with Federal guidelines

Motion: Singleton
Second: Behringer
Vote: 5:0

Ordinance Amending FY2017/2018 Operating (Body Worn Camera Grant)

Presenter: Pam Wortham, Finance Director

Ms. Wortham reviewed the matching requirements for the body-worn camera grant, along with the multi-year reporting of the grant, requires establishing a federal grant fund. This was a two-part request. First, staff asked to establish a grant project through the Grant Project Ordinance, which also established the budget. Second, staff had a budget amendment out of the general fund in the Police Department to transfer the funds to the grant project. The total grant for this project is \$83,320, and the matching amount to be budgeted is \$83,670.

Action: Adopt Ordinance (2018) 3918

Motion: Kennedy
Second: Johns
Vote: 5:0

Action: Adopt Ordinance (2018) 3919

Motion: Kennedy
Second: Behringer
Vote: 5:0

Ordinance Amending FY2017/2018 Operating Budget (Multi-Year Funding)

Presenter: Pam Wortham, Finance Director

Ms. Wortham explained this amendment allowed Finance to move funds for multi-year operating items into a fund established for that purpose. The unexpended funds for vehicle purchases (\$20,625) for FY 2018, the Parks and Rec Comprehensive Plan (\$37,000), and the Unified Development Ordinance (\$50,000) will be transferred to a multi-year capital reserve fund for expenditure in future years.

Action: Adopt Ordinance (2018) 3920

Motion: Kennedy
Second: Johns
Vote: 5:0

MANAGER REPORTS

- Recreation Center update – Current project completion date is October 5, 2018
- Council Recreation Center Tour – Wednesday, July 18th at 10:00 a.m.
- Edward Jones – Open House-June 28th 5:00-7:00 p.m.
- Town of Garner Fireworks – July 3rd

COUNCIL REPORTS

Kennedy

- Reported receiving correspondence from Green brier neighborhood concerning a resident selling large amounts of used furniture online. Staff is investigating.
- Reported that he and Council Member Behringer met with Oak City Academy about the process of opening in Capital Church.
- During the budget process and review Council saw that the Town started out the year budgeting \$587,000 of fund balance and the Town appropriated \$1,587,000. Council Member Kennedy requested a list of where that money went.
- Requested staff be mindful of singling out Police Department as he does not want to develop two different groups of employees.

Singleton

- Reported article in the News & Observer concerning cost of housing in the area.

- Requested staff look at future November retreat date. He is concerned as new members are elected in November and the timing might not work.

Behringer

- Questioned staff on the status of the lot beside GPAC. Mr. Chalk reported that it is part of the recreation project.
- Questioned the Habitat for Humanity home application the Town received over a year ago.
- The Capital Church is the site for the Global Leadership Conference this year.

Marshburn

- Expressed concern with noise at the project on Vandora West. Staff reported the complaint has been addressed with the project superintendent.

ADJOURNMENT: 9:00 p.m.

Motion: Singleton
Second: Behringer
Vote: 5:0