

TOWN OF SILER CITY

The Siler City Town Board of Commissioners met in budget workshop session on **Thursday, April 16, 2020** at 6:30 p.m. in the Courtroom and Remote Electronic Meeting (Zoom) with Mayor Pro Tem Cheek presiding. Commissioner Siler gave the invocation with the recitation of the Pledge of Allegiance following.

ELECTED OFFICIALS PRESENT: In Courtroom: Cindy Bray, Larry Cheek, and Tony Siler and Electronic (Zoom): John Grimes, Lewis Fadely, Bill Haiges, Chip Price.

TOWN STAFF PRESENT: In Courtroom: Town Manager Roy Lynch, Finance Director Tina Stroupe, Human Resources Director Nancy Darden, and Town Clerk Jenifer Johnson.

AGENDA ADJUSTMENTS/ APPROVAL OF AGENDA

Lynch asked to add Governing Body Comments to the agenda.

A motion to approve the agenda as amended was made by Commissioner Siler, seconded by Commissioner Fadely and unanimously approved.

OLD BUSINESS

Pay Policies -Overtime and Comp

Darden stated that the Board of Commissioners had previously requested further revisions of the Overtime Pay Provisions policy. Darden shared the following proposed policy with the Board of Commissioners:

Employees of the Town can be requested and may be required to work in excess of their regularly scheduled hours as necessitated by the needs of the Town and determined by the Department Head or Town Manager. Overtime work shall be approved in advance by the department head or Town Manager, except in emergency situations in which case approval shall be requested as soon as possible.

The U.S. Department of Labor states that "under certain prescribed conditions, employees of State or local government agencies may receive compensatory time off, at a rate of not less than one and one-half for each overtime hour worked, instead of cash overtime pay." All Town Departments will accrue compensatory time off according to the U.S. Department of Labor guideline except for the following departments, which will receive cash payment for overtime: Fire and all Public Works and Utilities. At the direction of the Board of Commissioners, this decision is based upon the recommendation of all Department Heads at the time this policy was revised.

To the extent that local government jurisdictions are so required, the Town will comply with the Fair Labor Standards Act (FLSA). The Town Manager shall determine which jobs are "nonexempt" and are therefore subject to the Act in areas such as hours of work and work periods, rates of compensation, and other provisions.

Nonexempt employees will be paid at a straight time rate for hours up to the FLSA established limit for their position (usually 40 hours in a 7-day period for regular nonexempt employees; 171 hours for police and 212 hours for fire personnel in an established 28-day cycle). Hours worked beyond the FLSA established limit will be compensated in either compensatory time or overtime

pay at the appropriate overtime rate. The Town Manager has the authority to consider and approve payment to nonexempt employees for hours worked over the established limits in lieu of compensatory time under the following circumstances:

1. The employee accumulates more than 240 hours of compensatory time as provided in the FLSA,
2. It is not feasible to grant the compensatory time off and meet the Town's work requirements, or
3. Overtime is a result of an emergency that could reasonably result in damage to property or persons or that requires the immediate attention of the employee. Overtime worked subject to this circumstance shall be evaluated and approved on a case-by-case basis with a recommendation from the Department Head and approval by the Town Manager.

In determining eligibility for overtime in a work period, only hours actually worked shall be considered; in no event will vacation, sick leave, holidays, or any other leave type be included in the computation of hours worked for FLSA purposes. Compensatory leave requires approval by the Town Manager when creating a balance that exceeds 100 hours.

Whenever practicable, departments will schedule time off on an hour-for-hour basis within the same work period for nonexempt employees instead of accumulating compensatory time or paying overtime.

The Board of Commissioners discussed the proposed policy change to the Overtime Pay Provisions and asked if the department heads and employees agreed with the change. Darden stated that she met with each Department Head and they agreed.

Pay Policies - Call-back and Stand-by Pay Policy

Darden stated that the Board of Commissioners had previously requested further revisions of the Call-back and Stand-by Pay Policy. Darden shared the following proposed policy with the Board of Commissioners:

The Town of Siler City must provide a variety of critical emergency services 24 hours a day, seven days a week. Need for services may occur outside of normal working hours when employees with necessary skills are not on duty. As a result, the Town must be assured that skilled employees are always readily available by placing some employees on On-call status. At other times, it is necessary for certain employees to respond to any reasonable request for duty at any hour of the day or night based on Call-back status. Employees in such positions will share in the responsibility for continuous service in accordance with the nature of each position. If an employee fails to respond to reasonable calls for emergency service, either special or routine, the employee shall be subject to disciplinary action up to and including dismissal by the Town Manager. Employees must always be in compliance with the Town's Drug and Alcohol policy.

Being called to work "outside of normal working hours" DOES NOT include: Annual Benefits Enrollment meetings, Wellness Fairs, department staff meetings, department trainings, Biometric Screenings, Health Coaching or the like. These are functions of doing business and many are optional. Many of these types of meetings are offered at various times where employees can schedule these during normal working hours. If an employee attends one of the above type meetings on his or her day off, then the employee is paid for the time they are attending, not a minimum of two hours.

Work "outside of normal working hours" DOES include: An emergency at a department that requires nonexempt staff to respond back to work after the end of the workday, on a weekend, or holiday.

Departments eligible for on-call and/or callback status will be determined by the Town Manager.

On-call. On-call pay compensates certain nonexempt employees who are required to be on-call and return to work in the event of an emergency outside of normal working hours. On-call is defined as the time when an employee must remain near an established phone or otherwise restrict personal activities in order to be ready to respond when called. On-call status is a prearranged designated period of seven consecutive days, which is defined as the Monday through Sunday workweek. All nonexempt on-call employees shall receive an additional eight (8) hours of pay for each entire week served on-call. These eight (8) hours are not considered hours of work and do not go towards the 40/42-hour work week or hours calculated under the 407k exemption.

Call-back. Certain nonexempt employees may also be required to return to work outside of normal business hours if situations arise or to assist the designated On-Call person. Nonexempt employees that are called back will be paid at the established hourly rate of pay, pursuant to FLSA guidelines, if they are required to return to work.

There is no additional compensation for being on-call or called back when there is a holiday. Hours worked while on-call or call-back are calculated beginning when the employee leaves home and ending when the employee returns home. Hours are added to the regular total of hours worked for the week. Such employees are expected to go directly to the call and back home when called out, without deviation, and must clock in and out accordingly. A minimum of two hours pay is guaranteed for nonexempt employees who are on-call or call-back, or actual hours worked, whichever is greater. Provisions do not apply to previously scheduled overtime work (scheduled one or more days in advance, which includes leaf season schedules), or an extended workday whether at the beginning or end of day or working through lunch.

The Board of Commissioners discussed the proposed policy change to on Call-back and Stand-by.

A motion to approve the proposed policy changes to the Overtime Pay Provisions Policy and the Call-back and Stand-by Pay Policy as presented was made by Commissioner Brown, seconded by Commissioner Siler and unanimously approved.

BUDGET ITEM DISUSSION

2020/2021

Revenue Projections

Stroupe presented the currently forecasted annual revenues for the upcoming fiscal year 2021, as well as the forecasted revenues for the last quarter of the current fiscal year 2020 which are based on our actuals to date FY2020 plus projections received from the NC League of Municipalities.

The Board of Commissioners discussed the revenues.

Proposed Fee Schedule Amendments

Lynch shared proposed Fee Schedule Amendments with the Board of Commissioners. The Board of Commissioners discussed the fees and the consensus was to move forward with the proposed changes.

Employee Benefits

Darden stated during 2019-2020 budget workshops the Board of Commissioners asked Staff to bring two items back the following to the table for consideration in the 2020-2021 budget:

Pay 100% dental and vision premiums for employee only coverage.

Benefit	Coverage	Individual Premium/Pay Period	FT Employees	Premium/Pay Period	Annual Premium
Delta Dental	Employee Only	\$ 13.28	85	\$ 1,128.80	\$ 29,348.80
Community Eye Care	Employee Only	\$ 3.67	85	\$ 311.95	\$ 8,110.70
Total					\$ 37,459.50

Darden stated that this is a benefit more municipalities and counties are providing. Chatham County pays 100% Dental premiums for employees and their health insurance plan includes vision. The Board of Commissioners discussed the dental and vision for all the employees.

A motion to pay 100 percent of the dental and vision premiums for employee only coverage with an effective date of June 22, 2020 was made by Commissioner Fadely, seconded by Commissioner Haiges and unanimously approved.

Grandfather current employees in with the 50% dependent care premium coverage option; discontinue this benefit effective first payroll in 2020-2021 fiscal year.

Darden noted that retiree dependent coverage was grandfathered and discontinued at the March 12, 2020 Board of Commissioners meeting.

Darden stated due to the significant increasing costs associated with employer paid dependent health coverage, municipalities and counties are offering alternative benefits, such as dental and vision, that are much less costly but provide an equal benefit to all employees.

Town Paid Employee Only Premiums	\$ 586,472
Town Paid 50% Dependent Premiums (20.59% of Employer cost)	\$ 152,053
Employee Paid 50% Dependent Premiums	\$ 152,053
Total Health Insurance Premiums for 2019-2020	\$ 890,578

Health insurance premiums will increase 7.8% (\$69,465) in the upcoming fiscal year, which would increase these numbers to the following:

Town Paid Employee Only Premiums	\$ 632,217
Town Paid 50% Dependent Premiums (20.59% of Employer cost)	\$ 163,913
Employee Paid 50% Dependent Premiums	<u>\$ 163,913</u>
Total Health Insurance Premiums for 2020-2021	\$ 960,043

Darden stated that is Staff's desire is to make it equally attractive for all employees to work for the Town of Siler City by providing all employees, regardless of marital status or family size, the same benefits. This is a way to continue to provide this benefit for all current employees and implement a future strategy to reduce costs through attrition.

The Board of Commissioners discussed grandfathering current employees in with 50% dependent care premium coverage option and discontinuing the benefit for all new employees hired after June 22, 2020.

A motion to approve grandfathering current employees in with 50% dependent care premium coverage option and discontinuing the benefit for all new employees hired after June 22, 2020 was made by Commissioner Fadely, seconded by Commissioner Haiges, and unanimously approved.

Compensation Study

Darden shared the 2020 Compensation Study which includes positions in the following departments: Fire, Police, and Public Works and Utilities. The result is a proposal to reclassify the minimum starting salary for seven positions in the 2020-2021 fiscal year in order to keep pace with market salaries. The positions with proposed adjustments are as follows:

POSITION	CURRENT LEVEL	CURRENT MINIMUM SALARY	NEW LEVEL	NEW MINIMUM SALARY	# EMP AFFECTED	2021 BUDGET EFFECT
Equipment Mechanic	17	\$ 33,583.00	18	\$ 35,262.00	0	\$ -
Meter Reader	13	\$ 27,629.00	14	\$ 29,010.00	0	\$ -
Police Officer	19	\$ 37,290.00	21	\$ 40,820.00	6	\$ 9,005.50
Police Sergeant	23	\$ 45,004.00	24	\$ 47,254.00	2	\$ 4,500.00
Street Maintenance Crew Leader	16	\$ 31,984.00	17	\$ 33,583.00	0	\$ -
Street Maintenance Worker	12	\$ 26,313.00	14	\$ 29,010.00	6	\$ 11,425.18
Utility Maintenance Worker	13	\$ 27,629.00	14	\$ 29,010.00	2	\$ 2,210.31
						\$ 27,141.00

Darden stated an adjustment in the minimum salary for a position does not necessarily mean every employee in that position would get a salary increase. Employees already making over the new minimum salary would not be eligible for an increase. An employee who is currently making under the new minimum salary would be brought up to the new minimum. If approved, the cost would be \$27,141.

A motion to approve the Compensation Study as presented with an effective date of June 22, 2020 was made by Commissioner Fadely, seconded by Commissioner Siler and unanimously approved.

Pay for Performance

Darden stated at the August 19, 2019 Board of Commissioners meeting, the consensus of the Board was to approve the Pay for Performance percentages as presented for the 2020-2021 budget year and set a special meeting to discuss the evaluation process for the following fiscal year. The approved percentages offered a potential salary increase of 2%, 4%, or 6% based on evaluation scores.

Fifty-six employees are eligible for Pay for Performance salary increases in the 2020-2021 fiscal year. This is six more employees than last year. The cost would be \$76,751.

A preliminary breakdown is as follows:

Outstanding	6%	1 employee
Exceeds Expectations	4%	30 employees
Meets Expectations	2%	23 employees
Needs Improvement	0%	2 employees


The Board of Commissioner discussed the Pay for Performance and would like a list with each employees score. Darden stated the scores have not been shared with the employees yet, therefore we couldn't share with the Board until after the employees received the evaluations. The Board of Commissioners stated that they would like to keep the promise made to employee and give the Pay for Performance. The Board of Commissioners asked the Town Manager to try to work it in the budget for 2020/2021.

GOVERNING BODY COMMENTS

The Board of Commissioners discussed recent infections at local companies, how the Town could help to fight the virus, and mask.

ADJOURNMENT

With no further business, the Board of Commissioners adjourned at 8:32pm.


John F. Grimes, Mayor

ATTEST:

Jenifer K Johnson, Town Clerk

