

**City Council Budget Work Session
May 24, 2021**

The City Council of the City of Elizabeth City met in budget work session on Monday, May 24, 2021 in Council Chambers, located on the 2nd floor of the Municipal Administration Building, 306 E. Colonial Avenue, Elizabeth City, NC.

MEMBERS PRESENT: Mayor Bettie Parker
Mayor Pro Tem Johnnie Walton
Councilman Kem Spence (*Arrived at 5:41 p.m.*)
Councilman Michael Brooks
Councilman Gabriel Adkins
Councilman Darius Horton (*Arrived at 6:20 p.m.*)
Councilman Chris Ruffieux
Councilwoman Jeannie Young

MEMBERS ABSENT: Councilman Billy Caudle

OTHERS PRESENT: City Manager Montre' Freeman
City Attorney Bill Morgan
Finance Director Evelyn Benton
Public Safety Director Eddie Buffaloe
Deputy Chief of Police James Avens
Interim Electric Superintendent Bob Vannoy
Human Resources Director Montique McClary
Public Utilities Director Dwan Bell
Parks and Recreation Director Sean Clark
Grants Administrator Jon Hawley
Planner Kellen Long
Fire Chief Chris Carver
Interim Community Development Director Debbie Malenfant
IT Director Matthew Simpson
City Clerk April Onley
Executive Admin / Deputy City Clerk Doris Walton

Mayor Parker called the City Council Budget Work Session to order at 5:30 p.m. Mayor Parker welcomed everyone to the meeting and recognized Councilwoman Young to give the invocation, after which all present joined for the Pledge of Allegiance.

1. Agenda Adjustments and Approval:

Mayor Parker asked the Council's pleasure on the presented agenda.

Motion to approve the agenda as presented was made by Councilwoman Jeannie Young, seconded by Councilman Chris Ruffieux. Those voting in favor of the motion were: Ruffieux, Walton, Young and Adkins. Against: None. Motion carried.

2. Statement of Disclosure:

The City Clerk read the statement of disclosure. No conflict of interests regarding items on the presented agenda were made.

3. Presentation – Community Relations Commission;

City Manager Freeman noted that the presenters attending via Zoom were having technical difficulties. After a few moments, the Council decided to move forward with the next item on the agenda and try the presentation again afterwards.

4. Presentation / Discussion – Pay Study;

Russell Campell, Senior Vice President for Management Advisory Group greeted the Council. He explained that his group had performed more than 200 compensation studies around the country, which was equivalent to about 30 or 40 per year. His organization puts the entire report that the Council will soon be receiving together; they do not delegate or outsource any aspect of their work. Mr. Campbell said that during his work on the pay study, he'd found loyal, dedicated employees with lots of tenure in the City of Elizabeth City. He noted that he believed our benefits are good, but the pay is not good at all. He said he considered our wages to be "a disservice to the employees." He said the pandemic, in some respects, has helped the City because it has had an impact on turnover, as it kept people from leaving because no one was hiring. He warned that things are changing now, so people may begin moving again. He cautioned the Council that we may become a "training city" where people come in, get their training and move on, which is costly to us in the long run. He pointed out that we have lost a lot of good people in the last 12-18 months. Ideally, the City should want starting salaries to be high enough to bring good people in without corrupting the salary structure. Currently, he feels that we're creating a game of "leap frog" with employee pay in that the City doesn't pay fair and equitable wages across the board. He explained that the study is designed to capture current employee data about what their job entails. Employees were asked to log into the website and complete a 26-page questionnaire about their jobs, duties, education and experience levels, which was then locked down and checked over by supervisors who could comment on a sidebar. There were very few contradicting statements between supervisors and employees. He said the first thing we want to do is clean up internal relationships of jobs and re-establish ranking of jobs to establish the levels of pay. He spent time analyzing labor markets we could compete with and looked at the best plans to implement the results of the study, knowing that resources are not always readily available. He advised that we need a process in place where if new positions are approved or reclassified, we know how to place those new requests. "This is not an assessment of an employee's performance or how well you perceive an employee does their job. A job is a commodity and this is to establish the value of the job itself." He noted that the study made no comments about staffing, either for adding or eliminating positions. Overall, the included 356 people with 157 different job classifications or titles, and it assigned a degree of difficulty score based on factors such as number of tasks, level of necessary education, equipment, physical demands, communication, and unavoidable hazards. He said that at this time, new job descriptions are being written, as many of ours are quite dated.

He added that Elizabeth City is 31.9% behind on the top end, though some areas were further behind, such as lineman and water technicians. He said this is not the worst he's seen, but it's certainly alarming. In local government, only two mechanisms drive an employee's pay: merit or COLA. Most organization do not do merit raises because it has so many issues associated with it, so COLA is relied on alone. The City of Elizabeth City utilized COLAs, but has done very few over the years, certainly not enough to keep up with inflation whatsoever.

Councilwoman Young said she understood that the City tried and that we didn't always have the money, but we definitely needed to do better by our employees.

Mayor Parker said we were losing a lot of employees and wondered why it had taken us so long to do a pay study. Director McClary said she'd been asking for this pay study since she started in 2017. She said the pay study had confirmed what she had felt for some time about the poor pay of our employees.

Mayor Pro Tem Walton said we just couldn't go out and "find" \$1.2 million. He said the former city manager had believed that it would be pointless to have a pay study if we couldn't follow through with any of its findings. He noted that not every employee left for the same reasons. "They're not all aging out; some are young and moved someone else for other reasons."

Director McClary said it bothered her that a large number of our employees had to have a second job because the City could not or would not pay them a livable wage.

Councilman Brooks said people needed a living wage, not a minimum wage. He said not only are people not making enough money, but there's not much in our area for them to do. He said merit raises previously weren't being done fairly, which is why they were

“kicked to the curb” and the City picked up longevity to try to fill the gap. He said this was more than just a City issue, and he saw this at a greater level. He said he didn’t know anyone who could survive on today’s minimum wage. He wanted to find a way to make sure that our employees make a living wage.

(Presentation – Community Relations Commission)

Mr. Freeman noted that Mr. Lloyd Griffin was prepared to offer his presentation and asked that the Council briefly return to that item before moving forward on the agenda. Mayor Parker commended the Commission on their event scheduled for Friday, May 28th for First Responders. Pasquotank County Chairman Lloyd Griffin briefly discussed the recovery period for Elizabeth City and Pasquotank County. The CRC is recognizing first responders on Friday, May 28th including members of Elizabeth City and Pasquotank County.

Councilman Brooks said he didn’t care about the County’s plan because they didn’t want to meet with the City. Mayor Parker pointed out that this was a presentation by the Community Relations Commission and not the County Commissioners, although some members did overlap. She said they’d asked for a few words by both the leadership of the County and the City. City Manager Freeman said Chair of the Commission, Dr. Williams was still having technical difficulties, so we would have to return to the item again if she’d like to speak.

5. Discussion – USCG Overcharge;

Mr. Freeman advised that Public Utilities Director Bell discovered that we had overcharged the USCG \$534,749.77. He said he’d spoken to them on the phone and they’d like to have a plan in place by the first of June, but it didn’t necessarily mean that we have to pay it all at that time. He said they had been understanding that the problem began under the previous Public Utilities Director, “but in that exchange nothing was done and it was blown off, Director Bell found it and fixed it.” He said the USCG had contacted Director Bell and told him they felt like they were being overcharged, which drove Director Bell and Alicia Steward to investigate the situation. Mayor Pro Tem Walton asked if the overcharge was due to equipment failure. Mr. Freeman said it wasn’t due to equipment failure, but the meter had apparently been put in backwards. Mayor Pro Tem Walton asked how long it had been going on. Mr. Freeman replied since August 9, 2019. He said he was told there was a policy that we’d only reimburse for a certain period of time, but the USCG is a large customer and we should take that into consideration.

Councilman Horton asked for clarification on this conversation occurring under the previous Public Utilities Director. Mr. Freeman replied, “Director Bell was told that she told them that it was right and she never responded back.” Councilman Horton asked for a breakdown of the issue in layman’s terms. Mr. Freeman said the valve was put in incorrectly by the City and it just kept compounding. “Even when there was a rate adjustment, their rate was still 50% higher than it should have been.” He reiterated that the Coast Guard were being flexible about how we repaid them, but they just wanted it taken care of soon. Councilman Horton said he didn’t feel that we should continue to discuss this in open session. Mr. Freeman said we could certainly move the rest of the discussion to closed session, but the original portion he’d needed to get out in open.

Councilwoman Young said she was not comfortable with not having received this information previously. “I’m hearing ‘they’ and ‘them’ and amounts and I should have received this information previously so I could be knowledgeable when I was having this discussion.” She expressed concern that there was no content included as backup documentation to explain anything. She wanted to know who the contact person at the USCG we’ve been dealing with was. “Who is saying this? Who are we speaking with?” She requested the dates and the amounts associated with the overcharge. “Where is this information and why isn’t it being provided to us?” Mr. Freeman said he would get this to the Council.

Mayor Pro Tem Walton said we had quite a few contracts with the Coast Guard and they owed us some money, so there might be some there we could leverage. Councilman Horton asked what our policy was for going “back” and paying bills. Mr. Freeman said he did not know yet because he hadn’t read it. Councilman Horton asked Mr. Morgan what his input was on the situation from a legal standpoint. Mr. Morgan said he would also

need to see some information before he could give an opinion because he had not seen anything as of yet and this was his first time hearing about this.

Councilman Adkins said he thought they were supposed to receive an update on the different scenarios with the budget he'd asked about during the last meeting and wondered if they should discuss that now instead of the Cigna item. Mr. Freeman said the pay study and the insurance would all be impacting the budget, so they'd needed to fit that in too. Councilman Adkins asked if Cigna would be carrying over to the regular session; did we have enough time? Mayor Parker said if it was something additional that needed to be on the agenda, they could add it. Councilman Adkins said he'd asked for it specifically and he was just wondering why Mr. Freeman had not provided it to him.

Mayor Parker said the item was not on the agenda and the adjustment had not been made. Councilman Adkins asked if the insurance item was something the Council needed to hear at this time. Mayor Parker said the Council generally did get the insurance presentation.

6. Presentation / Discussion – Cigna Insurance;

HR Director McClary introduced the Kenneth Lang, the representation for the Robert Taylor Group who would be explaining the City's move to Cigna Insurance. Mr. Lang said his group had worked with Blue Cross this year and the rate increase came in initially at 27%. He discussed rewards for wellness offered through Cigna, which would come in at \$40,000. They also offered a transition fee of \$10,000. Cigna gave a snapshot of where the City's premium money went. The key component is \$1.8 million of our premium annually goes towards claims money. Cigna proposes looking at the claims dollar and if we can keep it lower, they will split the cost savings with us, provided that we renew next year with them, which will get us on a path that renewal steps will be a little bit easier. Mr. Lang said he was very impressed with Cigna. He said they'd designated a wellness consultant for the City and would give us \$25,000 no matter what next year if we signed with them again.

Mayor Parker said it was nearing 7:00 p.m., and asked if the Council wanted to pass the rest of the CRC presentation over to the regular session. Councilman Horton said information had just been distributed to them regarding the CRC, so he felt that should suffice.

Mayor Parker asked if they wanted to carry the Cigna insurance discussion over the the regular session.

Motion was made by Councilwoman Jeannie Young, seconded by Councilman Michael Brooks to move the Cigna Insurance discussion to the Regular Agenda.

Councilman Horton asked where the conversation would fall on the regular session agenda. Mr. Morgan said he felt the best place would be to put it after the public hearings, although it could go before them since they are not time certain right now. Councilman Horton said he was fine with them going after comments from the public.

Those voting in favor of the motion were: Spence, Ruffieux, Brooks, Walton, Young, Horton and Adkins. Against: None. Motion carried.

7. Adjournment:

There being no further business to be discussed, Mayor Parker adjourned the meeting at 7:00 p.m.

Bettie J. Parker
Mayor

April D. Onley
City Clerk, NCCMC