

PERSONNEL COMMITTEE

8:30 a.m., Thursday, December 6, 2018

The Personnel Committee met at 8:30 a.m., Thursday, December 6, 2018 in the City Hall Conference Room, 1207 Palm Boulevard, Isle of Palms, South Carolina. Attending the meeting were Councilmembers Moye and Rice, Chair Ferencz, Interim City Administrator Fragoso, Treasurer Suggs, Human Resources Officer DeGroot and Clerk Copeland; a quorum was present to conduct business.

1. Chair Ferencz called the meeting to order and acknowledged that the press and public were duly notified of the meeting in accordance with the Freedom of Information Act.

2. Approval of Previous Meetings' Minutes

MOTION: Councilmember Moye moved to approve the minutes of the regular meeting of November 1, 2018 and the Special Meeting of November 16, 2018 as submitted; Councilmember Rice seconded and the motion PASSED UNANIMOUSLY.

3. Citizen's Comments

Jim Raih, 3904 Cameron Boulevard, recalled that on July 24th he announced his interest in the job of City Administrator. He noted that he had met with Jim Mercer of The Mercer Group when he was in town and was pleased that the Committee had selected them as the search firm for the positions of City Administrator, Chief of Police and Assistant Public Works Director. He noted that the brochure for the Assistant Public Works Director was not in the meeting packet; he opined that the City should look at a candidate with more project management experience. He thought an opportunity for cost savings and reduction of project contingencies since the person would have this experience.

MOTION: Councilmember Moye moved to re-order the Agenda to take up item A under New Business next; Councilmember Rice seconded and the motion PASSED UNANIMOUSLY.

5. New Business

A. Review of 5-year history of personnel costs

Treasurer Suggs distributed updated schedules of a "5-Year History of Personnel Costs and Full-time FTE calculations;" the data included wages, overtime, part-time wages, health insurance costs, retirement fund contributions, and FICA. The information was presented in various ways, such as totals by departments, departmental totals as a percent of General Fund expenses and departmental totals as a percent of total expenses all funds. The Treasurer had updated the schedule with total terminations by year and the turnover rate; the terminations in 2014 stood out above all the others with a turnover rate of twenty percent (20%). She noted that the number of employees per department includes only the full-time employees and that they are the basis for calculating wages for the budget. In the FY19 budget, total payroll expenses are seventy-two percent (72%) of the General Fund operating budget, and not the eighty percent (80%) so frequently stated by members of City Council.

Councilmember Moye was interested in how the Isle of Palms compared to other local governments of a similar size in personnel costs and how the City spends in other areas of the budget. Interim Administrator Fragoso said that she had posed that question on the MASC Administrators' List-serve and received a couple of responses; Folly Beach has fifty-five (55) employees and payroll expense is sixty-two percent (62%) of their total budget. She saw payroll expenses as high as eighty-five percent (85%), but more municipalities were in the seventy to seventy-five percent (70% – 75%) range.

Chair Ferencz stated that she would like to know the tax burden that is on the backs of the island's full-time residents to accommodate the City's payroll expense; she continued by asking how behind the City would be in meeting the payroll requirements without the transfers-in of tourism funds. With the services the City employees provide to the island's residents, she wondered if they would be resistant to a tax increase to maintain the level of services they have.

Treasurer Suggs noted that the payroll increases over the past couple of years have been between four and five percent (4% - 5%), and, without a comparable increase in revenue, such generosity on the City's part was not sustainable.

After reviewing the recent history of significant wage increases, Treasurer Suggs stated that as the City has increased wages annually, the State has made changes to health and retirement benefits. She recalled that the State's retirement system is underfunded, and, to address that shortfall, the State Legislature chose to increase the employer contribution by one percent (1%) per year for the unforeseeable future while employee percentages increase at a slower rate. As to the State's health system, the Legislature has capped the employee portion of the health insurance premium, so that the increases in health care benefits also fall to the employer.

The Interim Administrator noted that thirty percent (30%) to total employee wage costs is attributed to fringes.

Additionally, Chair Ferencz said that she would like to see the payroll cost increases compared to the increases in annual revenue for the General Fund and tourism funds.

Another substantial increase to payroll expense was in 2016 when the City decided it needed ten (10) Beach Services Officers (BSOs) with the introduction of the Beach Parking Management Plan, but the Interim Administrator commented that the City has had a hard time hiring ten (10) BSOs. She thought that this past summer was the first time the City actually had a full complement of BSOs. She added that the BSOs are hired gradually; they do not all come to work on March 1st or stay until August 31st or September 15th. Since the parking plan is now being enforced twelve (12) months a year, three (3) BSOs have become full year part-time employees.

For the budget workshop planned for December 18th, the Treasurer will look at where the actual payroll expense is and forecast an anticipated year-end balance; with two (2) key positions unfilled for several months, the actual payroll expense should come in significantly under-budget.

In advance of the budget workshop, Councilmember Moye inquired about the recommendations staff would be proposing to Council.

Interim Administrator Fragoso stated that they would anticipate changing and streamlining the evaluation process, but, in addition, they thought that, since the payroll uses so much of the General Fund budget, opportunities might exist relative to the way and rate at which wages have increased over the years to reduce the impact on the General Fund.

With major projects looming in the next budget year, staff will bring possible new sources revenue and ways to reduce costs; the Interim Administrator and the Treasurer have been looking at ways other municipalities compensate their employees. The job for staff is to inform Council of anticipated expenses, to introduce ways of increasing revenue and possibly a reduction in the rate at which employees are paid the merit increase.

The Treasurer recalled that, for the past couple of years, wage increases are budgeted based on the February CPI rate for the COLA and with a two percent (2%) merit pool; she stated that those percentages could be tweaked.

Chair Ferencz explained that these standards were set so that every employee gets a wage increase through the COLA, no matter the score on the annual evaluation.

One (1) idea that the Treasurer has heard was that the two percent (2%) merit pool would apply to those employees who were at or near the middle of their wage range and the pool would be one percent (1%) for employees who were above the mid-point.

Councilmember Rice opined that the Treasurer's idea seemed to be punishing the long-term, faithful, loyal and experienced employees.

Councilmember Moye stated that the presumption was that employees were being paid more because they know more and make a bigger contribution to the City.

According to the Treasurer, the lower paid employees needed the raise.

Chair Ferencz explained that she had added this item to the Agenda to insure that she understood the schedules; they will be presented to the balance of Council at the budget workshop. Now the issue was what Council was going to do about it.

Councilmember Rice asked whether the City really need ten (10) BSOs.

Councilmember Moye took her comment one (1) step further by asking department managers if they needed to fill open positions. Could other employees split those responsibilities? Could the job be done on a part-time basis rather than fulltime? Was technology available that would free up time for employees allowing them to assume other duties?

The Interim Administrator informed the Committee that she had broached that subject to department managers in the staff meeting on Monday and intends to include it in a second department managers meeting on Friday. She said that she has impressed upon them that the pressure is on; they will be looking operationally at where costs can be reduced for the FY20 budget year.

Additional information the Chair would like to see at the workshop was what kind of millage increase would be necessary to fund payroll if Council decided to stay on the current path.

When Treasurer Suggs asked for clarification, the Chair replied that she was interested in the amount of millage increase necessary to fund payroll as it increases today. The Treasurer noted that the City has been able to manage the payroll increases to-date without a millage increase.

When the discussion of millage increases was held, it would be better received if the reasons for it were well-defined to the taxpayers, and the consensus of the group was that drainage would be

a much more compelling reason for the island's taxpayers to increase the millage than wages and benefits for employees.

The Chair reported being asked by several residents why they were going to be responsible to pay for drainage improvements when they did not have flooding in their home because they had paid the extra money to raise their home.

4. Old Business

A. Approval of brochures for City Administrator, Chief of Police and Assistant Public Works Directors positions

Councilmember Rice stated that Councilmember Moye had revised the brochures that the Committee looked at last month. She thanked him because the brochures were more concise and read smoothly without the awkwardness.

The Chair stated that the changes he had made to the Vision Statement were great. She did note that he had removed the statement "Other duties as may be assigned by City Council," and she thought it should be included.

Councilmember Moye agreed that it should be included in the job description, but it was not necessary in the brochures.

Councilmember Rice said that she was ready to let them go and to start the search process.

Councilmember Moye agreed that certain sections appeared in all of the brochures; he had done more customization to the brochure for the Chief of Police and the Public Works positions.

The Chair asked Councilmember Moye to work with HR Director DeGroot to revise the brochure for the Assistant Public Works Director since she worked with Director Pitts and Director Kerr to define the position.

Interim Administrator Fragoso asked that she be allowed to review the revised brochure as well as Director Kerr since some of the tasks he is performing will pass to the Assistant Public Works Director.

With the permission of the Committee, Chair Ferencz offered to sit with HR Director DeGroot to select the pictures to include or exclude for the final version of the brochures.

MOTION: Councilmember Rice moved to approve the brochures for the City Administrator, the Chief of Police and the Assistant Public Works Director as edited; Councilmember Moye seconded and the motion PASSED UNANIMOUSLY.

Councilmember Moye stated that he would like to see the final versions of the brochures; when the Committee members receive them will give the Committee an idea of when they begin to be distributed to possible candidates.

B. Update on *ad hoc* Committees for standing committees

Chair Ferencz recalled that this topic was touched on at the November Council meeting and at some of the November Committee meetings and that no one had any objections to them. She

noted that the Personnel Committee would now be charged with coming up with the process for bringing residents to the *ad hoc* committees, what they will do and how they will do it; she envisions those issues to be part of the strategic planning that will be done early in 2019.

Since the Agenda was posted to the website with this item on it, the Chair stated that she has received phone calls from residents asking how to apply.

The Interim Administrator reported that she has discussed the concept of *ad hoc* committees with Attorney Copeland, and, in researching the City Code, the City Attorney has determined that to have these committees would require a change to the Code. Currently it has no provision that would authorize standing committees or City Council to establish such citizens' groups; the Code does authorize the Mayor to establish a task force.

Since the Committee has expressed a desire to update sections of the City Code related to standing committees, an addition authorizing the establishment of *ad hoc* committees could be addressed along with this work.

For the January or February meeting, Chair Ferencz would like the Committee members to draw up a task list of assignments it would like to complete in 2019 along with the steps required to implement them. She added that simultaneously working with The Mercer Group on the employee searches, the Committee may need to meet more than once a month to complete the task list items.

The Interim Administrator suggested that the Committee concentrate its efforts on items on the list related to the FY20 budget first.

5. New Business

B. Considerations of topics for initial budget meeting

With the addition of a new person in the Public Works Department, the Chair wanted to know what kind of budget he would be given to accomplish his job functions successfully, for example, what would his budget be to perform maintenance on the City's buildings? Would the funds be in one (1) line in the Public Works budget or would it be spread throughout the Operating Budget?

In drafting the FY20 budget, additional funds have been put into the Public Works budgets for materials and equipment; the Treasurer and Interim Administrator have identified projects this person would oversee or manage, which total approximately two hundred fifty thousand dollars (\$250,000). One (1) of his tasks would be oversight of maintenance issues described in the Hill Report, and the cost associated with those repairs is budgeted in each department's maintenance line. Part of the reason for having these funds spread by department was that the position was not expected to be filled until some number of months into the new year, but the building must be maintained in the interim.

Councilmember Rice said that the management of the landscaping contract and Eadie's ditch maintenance contract would be essential parts of his job description.

Looking at the Fire and Police Departments that have shifts, the Chair wondered if one (1) shift received more calls for service than the other two (2) shifts and did the departments have sufficient manpower on-duty to handle those calls.

Councilmember Moyer would like to ask the Recreation Director to look into how access to the Rec Center is managed based on feedback from the residents. He thought a revenue opportunity might exist there. For an example, he stated that to be an instructor at the Rec, the instructor must be a resident of the island, rather than renting out space in the building for the class(es).

Chair Ferencz commented that Public Works has worked with the same staffing company for many years, and she wondered if the City had done any comparative shopping in recent years.

Councilmember Rice restated her stance that longevity can be an asset because of experience. She opined that the City could not base every decision on cost.

Councilmember Moyer said that Council wanted the data primarily for comparative purposes.

The Chair reiterated that some changes were going to have to be made or the citizens were going to be told that their property taxes were going to increase or the level of service would be reduced.

6. Miscellaneous Business

Next Meeting Date: 5:00 p.m., Thursday, January 3, 2018 in the Conference Room.

7. Executive Session – not needed

8. Adjournment

MOTION: Councilmember Rice moved to adjourn the meeting at 9:25 a.m., Councilmember Moyer seconded and the motion PASSED UNANIMOUSLY.

Respectfully submitted:

Marie Copeland
City Clerk