

PERSONNEL COMMITTEE

5:00 p.m., Monday, January 7, 2019

The regular meeting of the Personnel Committee was called to order at 5:00 p.m., Monday, January 7, 2019 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 Administrator Fragoso, Human Resources Officer DeGroot and City 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 Meeting's Minutes

MOTION: Councilmember Rice moved to approve the minutes of the regular meeting of December 6, 2018 as submitted; Councilmember Moye seconded and the motion PASSED UNANIMOUSLY.

3. Citizens' Comments

Jim Raih, 3904 Cameron Boulevard, Stated that he thought interim City Administrator Fragoso was done a wonder job in her new role with the City. He acknowledged that the City had some big decisions to make in 2019 and cautioned against the over-use of Executive Sessions; he noted that people often forget what was said in Executive Session and often say things in casual conversation that divulge Executive Session discussions. He added that the new Rec gym floor looks great with a "whole different bounce" from before.

4. Old Business

A. Update on *ad hoc* committees for standing committees

Interim Administrator Fragoso stated that she discussed the formation of *ad hoc* committees with the City Attorney who repeated her advice that, if the standing committees want to form such a group to investigate or gather information on a particular issue, changes to the City Code must be made beforehand. As the Code currently reads, neither the Mayor nor standing committees have been given the authority to form *ad hoc* committees; both the Public Safety Committee and the Real Property Committee discussed it but made no recommendations.

Chair Ferencz suggested that the Committee delay making any changes until they have reached that section of the City Code in case they want to make other changes to the Code. She noted that a task force was created to make the island's farmers' market a reality.

The State Code gives the Mayor some flexibility to form a task force; the residents interested in having an island farmers' market informally spoke to the Mayor, and a committee of volunteers continued to meet to work out the details and logistics. The first IOP Farmers' Market was held beginning in September 2017 and running through October 2017.

Councilmember Moye said this was some of the feedback he was getting from citizens who want to become more involved to improve the quality of life on the island, and he agreed that the farmers' market was an excellent example as is the IOP Cleanup Crew – residents saw a need

and set about meeting it. He stated that he does not want to dampen the enthusiasm of these citizens who have knowledge and experience that could benefit the City; he added that he does not want to tell them that the City Code is preventing them from participating. He would prefer to give residents some ideas about what they can and cannot do and to encourage grassroots movements.

The Interim Administrator opined that the first step would be to identify a need or idea that an *ad hoc* could assist a standing committee with gathering information or finding out what the steps would be to accomplish something, etc. She thought that the changes to the Code were primarily procedural and could be taken care of easily. Interim Administrator Fragoso suggested that an *ad hoc* committee might be helpful in establishing criteria for membership and term limits on the City's boards and commissions.

Councilmember Moyer indicated that he would like to have boards and commissions as a topic for discussion at the February meeting.

B. Discussion of COLA and merit increases

The Interim Administrator stated that the discussion could center on the FY19 COLA and merit or it could be about the FY20 budget currently in process; she did distribute a new schedule showing the historical and forecast of payroll and having a new scenario to consider going forward. Scenario C focuses on the mid-range for each salary position in the City; employees who are below the mid-point could receive the full COLA of two point two percent (2.2%) in FY19 and a one percent (1%) merit pool. Employees who are above the mid-point of the salary range would be eligible for half the COLA percentage, one point one percent (1.1%) in FY19 and one percent (1%) merit pool. Under Scenario C, savings to the City in payroll expense in FY20 would be fifty-two thousand seven hundred eighty-six dollars (\$52,786); in three (3) years the total savings to the City under Scenario C would be approximately four hundred eighty-six thousand dollars (\$486,000). Currently, seventy-two (72) of the City's ninety-two (92) employees are below the mid-point of their salary range. The employees who are below their mid-range are considered the most vulnerable to being snatched away by other municipalities because they have typically completed their training and/or to be spirited away for higher wages.

According to the Treasurer, some on Council believe that four point two percent (4.2%) is too high a number for combined COLA and merit, yet no one wants to have a zero percent COLA and zero merit. The question is what is the right number? What is the number that would allow the City to reward employees who are deserving and to keep overall payroll costs at a sustainable level of increase? Scenario C protects the COLA in its entirety as stated in the November 2017 CPI increase for employees below the mid-point in the salary range and provides a one percent (1%) COLA and one percent (1%) merit for those employees above the mid-point.

To determine the vulnerability of employees below the mid-point in their salary range, staff is reaching out to other local municipalities to learn their wage ranges for the positions of firefighter, patrol officer, CDL drivers and

Councilmember Rice stated that she thought it was important to retain employees in this economic environment; other local governments would be happy to take IOP employees who have already been trained.

The Chair said that she would like to know what millage rate increase would be necessary to provide the four point two percent (4.2%) combined COLA and merit included in the FY19 budget.

The millage for the FY19 budget is one (1) mill equals two hundred seven thousand dollars (\$207,000) of the appraised value of a house. From January to June 2019, the four point two percent (4.2%) in wage increases is one hundred six thousand dollars (\$106,000).

Interim Administrator Fragoso explained that the COLA is typically effective on the first payroll of January. Although the merit is retroactive to the first of the calendar year, employees usually receive them in May or early June paychecks along with another check that pays the employee for the pay periods between the first of the year and the payroll in which the merit actually goes into effect. She informed the Committee that the COLA has not been activated for FY19 although it was approved with the budget in May 2018; with knowledge of the major projects the City has on its menu for FY20, she and the Treasurer agreed to wait for guidance from the Committee. She also acknowledged that City Council could revisit the numbers and make adjustments as it thought necessary. Interim Administrator Fragoso stated that staff's recommendation was to proceed with the COLA as planned and to consider Scenario C for a subsequent budget year.

Councilmember Moye said that, from his experience, a person will not stay in a job if the work environment is unpleasant no matter how much his pay might increase, and conversely, if the pay is too low and the work environment is great, people will leave. If Council feels that the City has a turnover situation in a department, it should compile all of the data before jumping to the conclusion that the pay is too low.

As far as implementation of the COLA, Councilmember Moye said that the City's employees have been expecting to receive a COLA of a certain amount, but taking something away can have a long-term impact and make employees feel bad. He opined that, if the City staff has an expectation of getting certain pay increases in FY19, Council should be very careful about making any changes to this budget year. He cautioned that Council should not risk "putting itself in a bad staffing position as well as in a bad financial situation."

3

The Interim Administrator agreed that the City staff was expecting the COLA based upon Council approving it in the FY19 budget, and she also agree that the merit for FY19 should be evaluated and be given a second look. She expressed concerned about the message being sent to employees if the COLA for FY19 was changed and that changes to the COLA and/or merit be considered for implementation in FY20.

The Chair contended that actions should be delayed until staff has a consensus decision from of City Council; she repeated that she has been told repeatedly since being first elected to Council that the budget could be changed at any time.

Councilmember Rice stated that she wanted to go forward with the COLA as planned because, in her opinion, City employees deserve to know that it is happening to be able to plan accordingly.

MOTION: Councilmember Rice moved to proceed with the COLA as budgeted at 2.2% for all employees and to further study and discussion of the merit increase budgeted at 2%; Councilmember Moye seconded.

The Interim Administrator reiterated that staff was not recommending that the COLA and merit should be address in FY19 for reasons of employee retention and employee morale.

VOTE: The motion PASSED on a vote of 12 to 1 with Chair Ferencz casting the dissenting vote.

The Chair noted that Scenario C would cost the City more than Scenario B, and the Treasurer explained that Scenario C preserved the full COLA for seventy-eight percent (78%) of employees.

Treasurer Suggs commented that Scenario C was more targeted and would succeed in slowing the rate of growth; implementing Scenario C in FY20 would result in an increase of eleven percent (11%) from FY19 to FY22.

When Councilmember Rice asked how many BSOs the City employed, Treasurer Suggs stated that Council should think of it more as a pool of money to pay part-time people in the Police Department.

Chair Ferencz recalled that Council was told that the City needed ten (10) BSOs to enforce the Beach Parking Plan from one end of the island to the other.

The Treasurer went a step further saying that the budget for BSO wages is based on a number of part-time hours, not the number of people. In the summer of 2018, the Police Department hired twelve (12) BSOs, and their work hours were scheduled to remain within budget while providing the presence of BSOs to focus on parking violations throughout the island.

When Chair Ferencz asked how the number of hours equated to uniforms, equipment, vehicles, etc., Treasurer Suggs noted that the cost of uniforms was small. The Chair stated that the BSO uniforms line of the budget is five hundred dollars (\$500) per person.

HR Officer DeGroot added that the Department has accumulated an inventory of uniforms that are in good condition from past BSOs.

The Interim Administrator stated that staff will be evaluation all of the budget items that relate to the BSOs in the coming days.

The Chair was also interested in knowing the duties and responsibilities assigned to BSOs. She was also told that the Public Safety Committee will be looking at the structure of the Police Department at its meeting Thursday morning.

At this point, Chair Ferencz asked whether the Personnel Committee was responsible for the oversight of all City employees or just the employees in General Government and the Building Department. She asked if the Public Safety Committee has oversight of the Police and Fire Departments.

Interim Administrator Fragoso thought the Personnel Committee had oversight for all personnel policies; wages and benefits are managed by the department heads.

Councilmember Rice voiced the opinion that employees know their value to the City and that they are appreciated for what they have done in the past year. She thought the predictability of the COLA in fiscal planning and responsibility. She expressed the opinion that Scenario C had merit, and she did not think reducing the COLA next year would be good for morale in this climate.

MOTION: Councilmember Rice moved to proceed with the 2.2% COLA on the next payroll and for Council to discuss the merit of 2% for FY19; Councilmember Moyer seconded and the motion PASSED on a vote of 2 to 1 with Chair Ferencz casting the dissenting vote.

Councilmember Moyer said that the City might implement Scenario B for FY19 paying the two point one percent (2.1%) COLA and treating it as a combined COLA and merit.

The Treasurer reiterated that the two (2) means of increasing wages was that the COLA was paid to every employee while the merit is based on an employee's performance of his/her job over the previous year. The funds would also be a pool of money that the department head could distribute as he/she sees as appropriate.

Questioning what the attitude was on Council when the City eliminated the COLA in the past, Treasurer Suggs thought the initiative to stop the COLA was spearheaded by Dee Taylor, chair of the Ways and Means Committee at the time, who was philosophically opposed to the concept. She recalled that his intention was to keep the total dollar amount basically the same but have it become one hundred percent (100%) merit based and not make an across-the-board adjustment every year. She stated that the wage ranges for each position in the City are adjusted upward by the CPI every year. Over the next few years without the COLA, the annual increases were so low that the City found itself with new employees being hired at a wage level comparable to or greater than the wages of someone who had been with the City for two to three (2 – 3) years. By working with the City a year or two (1 – 2), a firefighter and a patrol officer have attended the necessary training paid for by the City and are a very marketable commodity to other municipalities. This created a situation where the Fire Department experienced a high incidence of turnover.

Chair Ferencz believed that cost of living increases were something everyone should get because costs are constantly on the rise and salaries should be able to cover them. She suggested that Council might have been over zealous by stating that the merits would be two percent (2%) no matter what the CPI was; Council might look at establishing a ceiling for the combined COLA and merit.

5

The Interim Administrator related that staff would also be analyzing wages within a department to determine if any of those employees would be reaching retirement age in the next five to ten (5 – 10) years because replacement personnel would be brought on at the lower wage range thereby generating savings to the department's wages budget. She thought that Scenario C addressed some of the concerns regarding employees who have met or exceeded the midpoint in the wage range and reduces increase in wages year after year as other employees reach the midpoint.

From this meeting, staff was hoping to get advice from the Committee about this issue or a recommendation to take it to the full Council for debate at the Ways and Means Committee meeting next week.

Councilmember Moyer suggested that staff should continue to be creative in its thinking about ways to keep the impact of the budget at an acceptable level year after year, and Chair Ferencz asked staff to put forth a ceiling for combined annual increases.

Councilmember Moyer asked that Council be sent the existing wage ranges since the schedule is unique to the City so they could determine if they are reasonable.

The positions that were considered the most vulnerable for "poaching" are patrol officers, CDL drivers, firefighters and fire engineers because those are the positions HR Officer DeGroot is obtaining wage ranges from other local municipalities for comparisons.

C. Update on the hiring process for of City Administrator, Chief of Police and Assistant Director of Public Works positions

Chair Ferencz reported that she had spoken with Jim Mercer earlier in the day, and he said he has gotten received greater interest than usual for the positions of City Administrator and Chief of Police but that he has not received any resumes for the Public Works position. The brochures are on the Mercer website and sites for all professional organizations he has contact with nationwide; he told the Chair that all of the professionals in his organization have access to all of the information he has gathered about the City and the open positions.

When Mr. Mercer expressed concern about the lack of inquiries about Public Works position, Chair Ferencz stated that the City would widen its search locally.

HR Officer DeGroot stated that the brochure would be uploaded to Facebook today and she expected it to generate some interest plus it is on the MASC website for job listings and the City's website.

Mr. Mercer will send a formalized timeline for that balance of the search in the next week to ten (10) days; once it is received, Chair Ferencz said that the Committee should decide what kind of meetings it should have to be prepared for the next steps.

Chair Ferencz asked that he expedite the search for the Chief of Police based on the current circumstances, to which he responded that he has seen more interest in the Chief of Police position than the City Administrator position. He asked that the Committee draft a list of qualifications and makeup of outside sources for the interview team should have; he was willing to review the list and make recommendations.

D. Update on Interim City Administrator's Evaluation

On December 27th, the Mayor, Interim Administrator Fragoso and Chair Ferencz met to go over the performance evaluation for the Interim Administrator's evaluation for the period of 2018 that she served in that capacity. The Chair was pleased to announce that unlike past years all members of City Council not only responded but also took time to seriously consider their responses. Councilmembers were very specific in their praise and in the comments about what could be improved upon, and they all praised her for handling two (2) positions during this time. Overall, the evaluation was that she exceeds expectations in almost every area; Interim Administrator Fragoso received high marks for her handling of the two storm events. Contrary to actions in the past, Chair Ferencz has chosen not to announce the number of her evaluation to be made public.

The areas for improvement were discussed openly as were those areas in which she excelled.

5. New Business

A. Consideration of tasks to be completed in 2019

Included in meeting packets was a proposed list of tasks generated by the Chair that are about reviewing, updating and, possibly, correcting the City Code, which has not been done in some twenty (20) years. In many cases, the language is archaic, and certain sections are no longer relevant to the City today. Chair Ferencz thought that Councilmember Moye had done an excellent job in writing a vision statement that was included in the brochures from which the Committee could draft a mission statement.

Councilmember Moye questioned that this project that fit the Personnel Committee; he did not think the City had a committee to take ownership of this task. He thought that possibly it should

be taken to City Council so that the Code was being updated so that it would not get lost because no Committee wanted to take it on.

Voicing agreement with Councilmember Moye, Interim Administrator Fragoso thought that the project could not be accomplished without input from other committees.

The Chair suggested that the Personnel Committee would not necessarily make all of the changes but instead be the Committee seeing that the work does not fall by the wayside but moves forward.

After conferring with Attorney Copeland, Interim Administrator Fragoso said that two (2) methods have been used to update a city code. The concept being proposed by the Chair would be considered a very aggressive method, and a second method would to address sections of the code when a situation arises that requires a change to it. She recalled that the names and purposes of the standing committees was something brought up by another Councilmember that has merit; he said that the standing committees should be relevant to what is happening today and, possibly, increased in number and all be named appropriately.

Chair Ferencz opined that this project would require a complete buy-in by the other standing committees.

Councilmember Rice suggested that the Committee should focus on filling the vital open positions in the City before taking on a project like this.

Councilmember Moye did not think that taking on this project would interfere with the Committee's responsibilities in the hiring process. He noted that the City had outsourced the task for a reason; therefore, the Committee members must support The Mercer Group in every way and begin by completing the tasks they assign to the Committee. If the Committee wants to take on updating the City Code, Councilmember Moye asked what the urgency of the total job was, if the order presented was the right one, and if the timing was right for it. He commented that all of the Committees were probably doing something they should not do or not doing something they should, but he did not know what the implications of that were.

The Chair suggested an addition be made to the orientation for Councilmembers following elections to include what the Code says about each standing committee and to review the procedures for each one.

One (1) area that the Committee has proposed changing the section of the Code about selecting members for boards and commissions, and Councilmember Moye thought that was an urgent need. He even suggested that the changes should be discussed and made now so that people who apply in 2019 know and understand what would be expected of them.

For the next meeting, Interim Administrator Fragoso said that staff could prepare some changes for consideration relative to boards and commissions.

B. Discussion of FY20 operating budget and Capital Plan

As staff prepares a proposed operating budget, Chair Ferencz asked that they study line items where funds are assigned each year, but routinely not spent to determine if they could be reduced or eliminated then moved to fund the drainage initiatives or other needs facing the island. As for wages, she asked that staff look at the possibilities of making a position part-time and/or outsourcing jobs so that the City reduces the payroll expense.

When the Chair asked about the Maintenance Contingency of twenty-five thousand dollars (\$25,000), the Interim Administrator explained that this line has been added to the Capital budget for each department; the feeling is that the City has been lax on building maintenance in the past. These funds will be a source of funding for the general maintenance of City buildings that the new Assistant of Public Works will be responsible for doing or hiring and supervising a contractor to do; some of which were identified for FY20 in the Hill Report. The dollar amount shown was a placeholder that will be refined as the budget process goes forward.

Chair Ferencz said that, from her experience, a building maintenance amount was three percent (3%) of the value of the asset. She wanted the maintenance number to be a percentage of the asset value, and, if that number was unaffordable in one (1) year, the figure should be a cumulative one so that the amount needed was achieved over time.

Explaining the note referring to five hundred thousand dollars (\$500,000), Treasurer Suggs reminded that Committee that the FY19 included diverting reserves accumulated for the acquisition of large equipment for the Fire and Public Works Department to address the maintenance issues detailed in the Hill Report. The funds were to be repaid over the course of three (3) years in the Capital Plan under General Government; the climate today is one (1) where the City should go back to leasing the large equipment. With the City needing millions for drainage, maintaining these equipment reserves is unaffordable, and this version of the FY20 Capital Plan assumes that the savings initiative has been discontinued.

After examination, the replacement of certain assets in General Government has been deferred to FY21 or FY22, such as the parking lot fence at City Hall, the metal doors to City Hall and the Court software upgrade.

6. Miscellaneous Business

In consideration of Councilmember Moye's need to travel with his job, Personnel Committee meeting have been set for the first Tuesday of the month at 8:30 a.m.

Councilmember Moye said that, at that time, the meeting need to be kept to an hour.

Next Meeting Date: 8:30 a.m., Tuesday, February 5, 2019

7. Executive Session

MOTION: Chair Ferencz moved to go into Executive Session at 7:06 p.m. in accordance with S.C, Code Section 30-4-70(a)(1) to discussion personnel and employment matters; Councilmember Rice seconded and the motion **PASSED UNANIMOUSLY.**

The Personnel Committee returned to open session at 7:12 p.m., and the Chair announced that the Committee had not taken any action or a vote while in Executive Session

8. Adjournment

**MOTION: Councilmember Rice moved to adjourn the meeting at 7:13 p.m.;
Chair Ferencz seconded and the motion PASSED UNANIMOUSLY.**

Respectfully submitted:

Marie Copeland
City Clerk

DRAFT