

**THE BOARD OF COUNTY COMMISSIONERS
DURHAM, NORTH CAROLINA**

Thursday, May 31, 2018

9:00 A.M. Budget Work Session

MINUTES

Place: Commissioners' Chambers, second floor, Durham County Government Administrative Complex, 200 E. Main Street, Durham, North Carolina

Present: Chair Wendy Jacobs, Vice-Chair James Hill and Commissioners Heidi Carter, Brenda Howerton and Ellen Reckhow

Presider: Chair Wendy Jacobs

Comprehensive Compensation Study

Kathy Everett-Perry, Human Resources Director introduced the project lead on the Compensation Study Russell Campbell, Senior Vice President, Management Advisory Group (MAG) International.

Mr. Campbell provided some background information regarding the process, findings and recommendations for how the County should move forward with a new pay structure. He answered the question for why the study needed to be performed. Mr. Campbell stated the last study was conducted in 2014. The current study was designed to look at the market in which the organization compete in for labor to ensure that its competitive in those markets. He shared that a new compensation structure was developed because of the study and job descriptions were evaluated. Mr. Campbell also shared that new job descriptions will be written; a calculation will be done to transition from the old to the new pay structure and recommendations for new policies and procedures would be written to support the new structure.

Mr. Campbell stated that this was not a performance review nor a staffing study. He shared the methodology by which the study was conducted. Every employee had the opportunity to participated in a job questionnaire, with a 75 percent participation rate. There were 14 data points that were used to assess positions to identify the ranking of the organizational structure. He shared that MAG will provide the Human Resources Department with the MAG licensed software that can be utilized in future compensation studies.

Additionally, Mr. Campbell provided a list of municipalities and jurisdictions in which data was collected for market comparison. He shared several observations from the study and stated that there was a significant amount of salaries below the market entry level on average by 13.8 percent. He also provided feedback from employees who participated in the questionnaire. The participants conveyed in the questionnaire their hopes that the Commissioners would implement a plan based on the study within one fiscal year whether than spreading it out over two years. He advised the Commissioners to pay close attention to what is happening in those neighboring jurisdictions and merit pay levels.

Mr. Campbell provided recommendations for cost impact in terms of implementing the study. He shared that his team put together three options and hoped that the Board would go with either **Option I** or **Option II**.

MAG's Recommendations:

Option I - The preferred option would be to implement the entire study on July 1, 2018 with a cost impact of \$4,948,646

Option II - A quasi-approach to implementing the study in a short time frame to implement public safety on July 1, 2018 and the remaining employees would be implemented January 1, 2019.

Option II - The organization would mirror what was done in 2014 to carry the cost over two fiscal year.

Mr. Campbell also shared some additional recommendations. He advised that the organization needs to develop a compensation philosophy. The organization needed to decide what it values. Another recommendation would be to develop a Total Rewards Package to include total rewards, work life balance, wellness initiatives, professional development and training. Mr. Campbell also shared the current policies and procedures relating to compensation needs to be updated to support the new study, employees needed to be informed as to how their position has been impacted by this study. He asked that the County look at its peer jurisdictions.

Chair Jacobs asked why the study did not include Orange County as one of the benchmarks. Mr. Campbell responded he received feedback from County leadership for targets and benchmarks and the study looked historically at what was considered the big 12 which was representative of the market.

Commissioner Reckhow asked if there was a way to take out the cities to see what would happen to the recommendations. Mr. Campbell stated that he cautions the Board on removing the cities from the study and he would reflect the data from Orange County. Commissioner Reckhow asked if the study considered benefits. Mr. Campbell responded that staff would need to figure this out.

Chair Jacobs is concerned about the gap between positions. She stated the 13.8 percent difference is very concerning between the entry level positions is very critical.

Commissioner Howerton asked for clarification as to the need to look at Orange County. Commissioner Carter stated that Durham County needed to look at Orange County because the County competes with them.

Vice-Chair Hill shared it should be looked at for the next Legislative Session in the long session, the General Session charging troopers a recoupment fee of \$36,000 for their training if troopers left their current position for a lateral move within the three-year. He suggested that the County should be looking at this universally for all law enforcement.

County Manager Wendall Davis asked Keith Lane, Budget and Management Services Director to validate the numbers that were allocated for public safety personnel. Mr. Lane responded and provided those numbers.

Directives:

- **Provide a county-to-county comparison with the benefits and include Orange County.**
- **Provide reports with all the information possible not just a presentation. To provide information for salary increases up to 4 percent.**
- **Look at the salaries in isolation and look at the overall benefit package.**
- **Highlight public safety employees (Sheriffs, EMS and Detention), but first look at disaggregation for how we compare to all the other counties, and then look at this as a top priority.**
- **Provide the balance of what was allocated, but not implemented of the estimated \$800,000 for LEO Officers.**
- **Look at charging all law enforcement a training recoupment fee if they left their existing position for a lateral move within the three-year.**

Benefits

Human Resources Director Kathy Everett-Perry introduced Deidre Gonzales, Interim Benefits Manager. Ms. Gonzales shared background information for what Durham County provides to its employee. These benefits include medical, dental and vision insurance as well as life, accidental and dismemberment. She also included other volunteer benefits offerings.

Ms. Gonzales stated that when compared to other counties, Durham County (DCo) is one of two counties that lead in providing employees with the lowest contribution rate for health insurance for employee only coverage. DCo is among the top three counties with the lowest total cost for the employee-only coverage for health insurance. Additionally, the organization is among the four employers with the lowest deductible for the employee-only coverage and is also leading the way with the lowest co-pay amount for primary care within the network.

Additionally, Ms. Gonzales continued her presentation by providing comparisons and changes to the County's benefits plan. A year-to-year snap shot showed that claims had increased. She stated that one of the main driver of the medical plan increase was due to the number of high cost claimant who incurred cost of \$25,000 or more. In the last 12 months, 44 percent of the County's spending was due providing healthcare coverage to members with gap in care.

Ms. Gonzales provided some recommendations for how the organization could reduce the high cost of healthcare in the future; these include: Benefit Integration - Balance Benefits, the Chronic Disease Management Program and the Enhanced Wellness Program.

Mr. Davis provided some historical background for working and negotiating with healthcare providers. He suggested that the County go back to the marketplace to bid again. Mr. Davis shared that the pain for the County was in medical and dental. A discussion ensued regarding whether the County should increase employees' copay.

Commissioner Reckhow recommended that perhaps the organization should stay on the fiscal year schedule, and that the Board may need a briefing sometime in January or February or consider switching to the calendar year. She also recommended that staff front load the work, so it is in advance of making budget decisions. Mr. Davis asked Human Resource Director Kathy Everett-Perry to put this topic on the Budget Retreat Agenda to discuss further.

Directives:

- **Suggested that staff work on getting 100 percent participation in the HRA process, and that it should be one of the goals.**
- **Look at ways to make tweaks in the penalty for employees not participating in the HRA process.**
- **Explore with Aetna if the County went to \$20 or \$25 as a copay for an office visit, and what would it do in terms of cost to the County.**
- **Check to see what it would cost for employees' dependents vision plan.**
- **Find out what is the value of the take home cars for Sheriff Deputies.**
- **Kathy Everett-Perry to put the topic of reviewing the fiscal verses calendar year schedule for briefing the Board in advance of making budget decisions and staff front loading budget work on the Budget Retreat Agenda to discuss further.**

Board of Elections

Board of Elections Director Derek Bowens presented the budget request for the Board of Elections for \$1,730,539 which was a reduction compared to the previous year. He shared some reasons for increases to the revenue such as reimbursements from municipalities and stated that the increases were cyclical. Mr. Bowens stated that the voting equipment replacement was due to equipment end of life which were projected at ten years. He stated that the equipment was currently operating at twelve years. He also shared that there was a new Board coming in for the Board of Elections and that once the Board met to vote on the new equipment, it would come back before the Board of County Commissioners in August. He shared details for the type of equipment that was proposed to be purchased which is a partial replacement.

Mr. Bowens responded to follow-up questions from the Board.

Directive:

- **Requested to push out more information to residents during the election period would be helpful.**

General Services

General Services Director Motiryo Keambiroiro shared the list of positions required for the coming year. These positions include a Locksmith position and van, contract janitorial services for the Admin II building, two Building Technicians with a shared vehicle, and miscellaneous operating expenses. Ms. Keambiroiro presented updates from the Solid Waste Division. She shared that the Solid Waste rate will remain the same.

Commissioner Reckhow asked if the County could raise the Solid Waste fee. Ms. Keambiroiro responded that the fee could not be increased until it has been encumbered.

A discussion ensued regarding the need for security in County buildings.

Directives:

- **Request for staff to see if it is possible to raise the Solid Waste fee.**
- **Re-assess security staffing needs in the Human Services building to see how many people are needed for security.**
- **The Board needs to see an explanation when there are differences between the operating and capital cost.**
- **Follow-up request to find out how many Locksmiths the City has.**
- **Add a category for Stadium rentals to show what is generating revenue.**

Non-departmental

Budget and Management Services Director Keith Lane explained the categories that made up the Non-departmental budget. These included three specific areas: The Non-departmental Fund Center, Transfers and the Vehicles and Equipment Fund Center. Mr. Lane provided a breakdown of the Non-departmental budget.

The Commissioners initiated a discussion regarding the lack of clarity in the Non-departmental area. Mr. Lane responded that the budget process is still underway.

Directives:

- **Provide rational statements for items that are new such as the Highway 147 Gateway Initiative. The following would require rational statements: Urban Ministries, Exceptional Services, DataWorks, Library Services, Made in Durham, the \$200,000 Fund and the Non-Profit funding for housing.**

Non-Profits

Budget and Management Services Director Keith Lane provided a list which detailed the non-profit dollars. He stated that the County will be funding the same non-profits that were funded in Fiscal Year 17-18 for Fiscal Year 18-19 at the same amount.

Commissioner Reckhow shared her concerns with not aligning the non-profits with the appropriate County Strategic Goals, but rather under the non-departmental funding center. She stated that this is not clear to the public; therefore, not providing transparency. Mr. Lane responded that the Budget Office would work on grouping non-profits better with the County's Strategic Goals.

Directives:

- **Better aligned non-profit expenditures with the appropriate County Strategic Goals for better transparency.**
- **Include how many non-profits the County is supporting in the community in the final budget book to see whether is supported through Federal, State or Local monies.**
- **To receive the scope of work in an email from the Durham Chambers.**

Adjournment

The meeting was adjourned at 5:10 p.m.

Respectfully Submitted,

Terri Lea Hugie
Clerk to the Board