

**MINUTE BOOK 26, PAGE 087
CITY OF STATESVILLE BUDGET WORKSHOP MEETING – May 31, 2016
CITY HALL – 227 S. CENTER STREET, STATESVILLE, NC – 5:30 P.M.
STATESVILLE, NORTH CAROLINA**

Mayor Costi Kutteh presiding:

Council Present: J. Johnson, Schlesinger, Morgan, Watt, M. Johnson, West

Council Absent: Williams, Phifer

Staff Present: Pressley, Smyth, Fugett, Davis, Barone, Hudson, Byerly, Cornelison, Shelton, Ferguson, Styers, Nicholson, Harrell, Ashley, Currier, Gregory, Staley, Slocum

Media Present Debbie Page-Statesville Free News

Call to Order

Mayor Kutteh called the meeting to order.

Follow-Up Pay Study Discussion

Lynn Smyth explained that if the pay study does not give an employee a pay increase due to a grade level change, the employee would still get a minimum 1 ½ % increase. Staff budgeted 3.5% for pay increases and the cost of the implementation of the pay study in the 2016-2017 budget and the total came to just a little above what a standard 3.5% pay increase for every employee would amount to. The cost to implement the pay study city wide is \$688,192 and the cost to implement the standard 3.5% Cost of Living Adjustment (C.O.L.A.) city wide is \$586,850.

Council member West asked what happened to merit pay increases. Mrs. Smyth replied that a merit increase or performance pay increase would be a separate issue from the pay study and that additional funding would need to be appropriated if Council wanted to give merit raises. She explained that the pay study was performed to determine if positions are properly classified and if the pay ranges are in line with what is being paid in surrounding markets.

Council members discussed whether or not implementation of the pay study would fix the salary compression problem. Mrs. Smyth stated that it will not completely alleviate it, but it will help alleviate the immediate compression problems. Also, staff has taken pay increases (such as end of 6 month probation period) that are anticipated to happen before December 31st of this year into consideration in the study pay to try to avoid any immediate compression.

Council members discussed the hiring and retention of police officers at length. Mrs. Smyth reviewed the different benefits offered to police officers by Iredell County and Mooresville and some of the reasons cited by some officers for leaving the City of Statesville, some of which included higher pay and being able to drive their patrol car home. Council members discussed other benefits that could be offered such as weekend only shifts, shift differential pay, forgivable second mortgages if the officer purchases a home in Statesville and family health coverage.

Discussion moved back to merit/performance based pay increases. Mr. Pressley advised that he and Mrs. Smyth have been working very closely with Department Heads and their implementation of employee evaluations over the last three years in an effort to fairly rate employee performance. He added that if Council chose to go with a performance based increase, these evaluations can be used for that and only top performers would be given increases, which would also alleviate compression in the future.

Council instructed staff to prepare a financial comparison between the employee evaluations scale and the pay study cost.

2016-2017 Budget Discussion

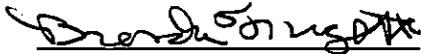
Ralph Staley reviewed a list of questions he had received from Council members and the corresponding answers.

Council member M. Johnson asked Mr. Staley to provide Council with a list of roll-over encumbrances and outstanding purchase orders and a list of all General Fund balances, restricted and unrestricted, and specify what those accounts are. He asked Mr. Staley for a recommendation of what he thought \$5-7 million in General Fund long term debt would spread

over 10 years interest rate wise and how that would impact debt service in this budget and what we would need to do to debt service that amount of money.

Council member West made a motion to adjourn, seconded by Council member Watt. The motion carried unanimously.

Attest:


Brenda Fugett, City Clerk




Constantine H. Kutteh, Mayor