

**PERSONNEL COMMITTEE MEETING
COUNCIL CONFERENCE ROOM
SEPTEMBER 8, 2008 AT 5:45 PM**

The Personnel Committee met on Monday, September 8, 2008, at 5:45 PM in the Council Conference Room, 2nd Floor, City Hall.

Committee members present were:

Councilman Dale Burkett, Chair

Councilman Dave Kirlin

Mayor Pro Tem Walker Reid

Item 1: Department Head Residency Policy

Councilman Burkett recognized Mr. Jim Palenick, City Manager, for the purpose of staff's presentation.

Mr. Palenick said the City currently maintained a personnel requirement that Department Heads reside in the City of Gastonia. He said certain Department Heads were grandfathered because at some point in time that was not a requirement. He said he believed that by not having the residency requirement because the City was then recruiting and keeping people based on the best and brightest, the most skillful that we could find. Mr. Palenick said that we were limiting ourselves by requiring them to live within the corporate limits of the City.

Mr. Palenick said he brought this forward to see if the Committee felt that requirement be maintained. He said if we wanted to get the best people to serve, we would want to open it up from far and wide. Mr. Palenick said obviously people would need to live close enough to the City to be able to make it to work and cover various emergencies.

Mr. Palenick said people make different decisions based on spouse's work, schools and other things. He said certainly the City Manager and Assistant City Manager, those at the highest level that assist in making decisions that may impact things like taxes and tax issues and major expenditures might be expected to live in the limits. He said he did not know if that would be as necessary anymore for Department Heads.

Councilman Kirlin asked what the current requirement was for the City Manager and Assistant City Manager.

Mr. Palenick said by contract he was required to live inside the City as long as employed in that capacity.

Councilman Kirlin said that the Assistant City Managers did not live inside the City and asked if they were grandfathered in.

Mr. Larry Wood, Assistant City Manager, said the policy was written 14 years ago and specified Department Heads and above for new employees and those employees in place at the time would be grandfathered.

Councilman Kirlin said that with this policy change it would impact the Assistant City Managers too.

Mr. Palenick said he was not suggesting that anyone already grandfathered be no longer grandfathered.

Councilman Kirlin said he just wanted to know if it was being changed for the Department Head would it include the Assistant City Manager positions in the future.

Mr. Palenick said he believed that would be appropriate.

Mr. Ash Smith, City Attorney, said that since both Assistant City Managers did not live in the City right now he would not adopt a policy that would make the current Assistant City Managers non-conforming to the policy. He said it would be cleaner to get rid of it. He said the City Manager and City Attorney had to live in the City per their contracts. Mr. Smith said the Fire Chief and the Police Chief both promised that they would live in the City when hired by the Manager at the time.

Mayor Pro Tem Reid asked if was not by contract.

Mr. Smith said he believed that the job offer was made to the two individuals with the understanding that they had to live in the City limits and they accepted on those conditions. He said there was a contract in that there have been some letters exchanged that established the parameters of that employment relationship that was enforceable as to those two individuals. He said other than those four, he felt he had made his opinion clear earlier in the year when they had a speaker about this topic.

Councilman Kirlin asked if the policy had impeded the City's ability to hire someone.

Mr. Palenick said they had a lot of difficulty hiring someone for the position of Director Public Works/Utilities. He said this was largely tied to housing and moving and had three individuals to turn the City down because they could not work out situations that would allow them to move. Mr. Palenick said the person that they did hire did not live in the City and he did not know how he planned to arrange for his move. He said it would be disruptive and difficult, but that he would have to move if this did not change.

Mr. Wood said he believed that there were similar letters and understandings between other Department Heads in addition to the Fire and Police Chiefs. He said as far as he knew that since the policy was passed that had been an understanding any time a Department Head was hired.

Councilman Burkett asked Mr. Wood if there was something regarding promotions within the City.

Mr. Smith said if the employee was working here in January 1994 they were grandfathered, which was the City Manager's interpretation of the policy at the time. He said all Department Heads hired into the City since January 1994 were told they had to move into the City limits.

Much discussion ensued.

Recommendation:

The Committee voted 2 to 1 (Councilman Burkett opposed) to recommend that Council rescind the current policy requirement that Department Heads live within the City limits of Gastonia.

Item 2: Mayor/Council Expense Allowance

Councilman Burkett recognized Mr. Palenick for the purpose of staff's presentation.

Mr. Palenick said while reviewing various things related to the City Budget they noticed that the Mayor and City Council had an expense allowance that was first established in 1995 and set at \$200 per month. He said in the 1996-1997 Budget it was increased to \$350 per month but for the eleven years since there had been no change or adjustment to that. He said they wanted to bring that forward to see if they felt that with eleven years having passed and inflation consistent throughout if that number was truly appropriate and reflective of real expenditures and should it be adjusted.

Councilman Burkett asked if any comparisons were done with other cities.

Mr. Mickey Sadler, Director of Human Resources, said no but they could get that information.

Discussion ensued.

Recommendation:

The Committee directed staff to obtain comparisons from other cities regarding their Mayor/Council Expense Allowance and to provide that information to the Council members.

Item 3: Suggestion Program

Councilman Burkett recognized Mr. Palenick for the purpose of staff's presentation.

Mr. Palenick said that he would start the presentation and then turn it over to Ms. Melody Usery, Budget Administrator.

Mr. Palenick said time had been spent at the staff level talking about ways to incentivize employees for finding ways to become more creative, more efficient and more productive in a way that would work both for the employees and for the City. He said he believed they had a plan that would do that and that it was a plan based on a number of successful models in other communities. Mr. Palenick turned the presentation over to Ms. Usery.

Ms. Usery said they were calling this the “City of Gastonia Employee Suggestion Savings Plan.” She said any employee would be eligible to submit an idea to the Review Committee composed of the City Manager and the Assistant City Managers. The Review Committee would look at the idea and determine if it would save the City money or would be an additional revenue source. If the idea were implemented, the employee would share in the savings. Ms. Usery said for tangible suggestions where they could determine the amount of savings the employee would receive \$2,500. She said for intangible suggestions the employee would receive \$300. She said all awards were subject to taxes and were not retirement eligible.

Ms. Usery said they looked at other cities with similar plans. She said High Point, Raleigh, Greensboro, Wilmington, Charlotte, Pitt County and Cumberland County had the plan that they modeled. She said they all had very successful programs for a number of years. Ms. Usery said they pulled from those models. She said they felt this was a very good product and very good program for City employees to encourage them to think outside the box.

Ms. Usery said suggestions would be submitted to her and she would turn them over to the Review Committee, who would meet quarterly or as necessary depending on the number of ideas or suggestions received. They would review the suggestions and determine the impact of each suggestion on the budget. She said all employees, except the Awards Review Committee, are eligible as long as they are on payroll at the time the suggestion was submitted.

Ms. Usery said eligible suggestions were to be determined by at least one of the following characteristics. It had to identify and reduce safety hazards, save money or increase revenue, or increase productivity or efficiency, improve conditions, improve services to the public, conserve resources, increase employee morale, or increase general citizen quality of life.

Ms. Usery gave the following as examples of ineligible suggestions. Duplication of previous suggestions for which an award was previously granted, complaints or grievances, ideas in a form already under consideration by management, salary, classification or benefit changes, enforcement of existing rules or regulations, increases in fees or taxes, ideas that call for following routine, normal or established procedures, ideas that propose unclear or nonspecific methods, and ideas that would simply defer cost to another year.

Ms. Usery said if a group of employees submitted an idea and as long as each of the employees are listed on the form when it was filled out and submitted they would share in the \$2,500 award.

Ms. Usery said each implemented fund would be responsible for the monetary award. She said if the suggestion was made and saved money in the General Fund, then the award would be paid from General Fund.

Councilman Kirlin asked about the intangible funds and how they would be paid.

Mr. Palenick said the first year would be hard to say but based on the first year they would budget the number thereafter.

Discussion ensued.

Recommendation:

The Committee voted unanimously to recommend that Council approve the implementation of the “City of Gastonia Employee Suggestion Program.”

Councilman Burkett said Items 4 and 5 were the reviews of the City Manager and City Attorney. He said in the past both contract employees expressed they want their evaluations done in private. He said the Committee would do each evaluation on an individual basis.

Councilman Kirlin moved that the Personnel Committee go into closed session under N.C. General Statute 143-318.11A6 to consider the qualifications, confidence, performance, character, fitness, conditions of initial employment of an individual public officer or employee or a perspective public officer or employee, specifically the performance reviews of the City Attorney and the City Manager. Mayor Pro Tem Reid seconded the motion and the motion carried for the Personnel Committee to go into closed session.

[Minutes of the closed session portion of the meeting are maintained separately.]

Following the closed session, a motion was made and carried for the Personnel Committee to end the closed session.

Chairman Burkett reported that no action had been taken during the closed session. Having no other business, Chairman Burkett adjourned the meeting at 8:45 PM.