

# MINUTES OF MECKLENBURG COUNTY BOARD OF COMMISSIONERS

MARCH 27, 2007

3:00 P.M.

## NORTH CAROLINA MECKLENBURG COUNTY

The Board of Commissioners of Mecklenburg County, North Carolina, met in Special Budget/Public Policy Session in Conference Center Room 267 of the Charlotte-Mecklenburg Government Center located at 600 East Fourth Street at 3:00 p.m. on Tuesday, March 27, 2007.

### ATTENDANCE

**Present:** Chairman Jennifer Roberts and Commissioners Karen Bentley, Dumont Clarke, H. Parks Helms, Bill James and Norman A. Mitchell, Sr. County Manager Harry L. Jones, Sr. Clerk to the Board Janice S. Paige

**Absent:** Commissioners J. Daniel Bishop, Dan Ramirez, and Valerie C. Woodard

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*Commissioner Clarke was absent when the meeting was called to order and until noted in the minutes.*

*The meeting was called to order by Chairman Roberts.*

### (1) **FY2007 PROGRAM REVIEW**

Planning and Evaluation Director Leslie Johnson reported on the FY2007 Program Review – Performance Assessment Ratings.

The following was noted:

The objective of the Program Review was to assess the value of County funding with regards to the following three broad criteria:

1. Relevance (To what degree is and should the County be in this business?)
2. Performance (Do the results justify the investment?)
3. Efficiency (Are resources being managed in the most efficient way?)

The overview addressed the following:

- Service Performance Summaries for each reviewed service that highlighted performance and noted strengths and opportunities for improvement identified from the review; and
- Service Ratings - Services received a rating of Exemplary, Successful, Moderately Successful, or Results Not Demonstrated

It was noted that

- 88 categories of services were reviewed this year; and
- Because a service received a red (Results Not Demonstrated) does not mean the service was “bad.” What it means in these instances is that there were no measures available in order to appropriately conduct the review.

*A copy of the report is on file with the Clerk to the Board.*

### Comments

Commissioner Helms asked for clarification on the legend with respect to the Service Performance Summaries, which was explained.

Commissioner Helms suggested that the bars on the Review Scores legend, with respect to Relevance, Performance, and Efficiency, be three different colors to better distinguish the three criteria.

*Staff said it would look into this. Also, that this had been considered in the past, but they're not certain if the software used will allow them to generate three different colors since scores are automatically generated.*

Commissioner Helms asked for clarification with respect to calculating the overall rating, which was explained. *It was noted that the performance score is weighted 50% and relevance and efficiency 25% each, thus it's a weighted average.*

Commissioner James asked about Veteran Services' Relevance percentage, which was addressed. *It was pointed out that Veteran Services traditionally has been ranked as a low priority by the Board; it's a discretionary service. The County does not have to provide this service, which offsets their score with respect to Relevance.*

Commissioner James asked about Elections and their Performance percentage, which he said was low. *It was explained that it was hard to review Voter Registration and Maintenance as a "stand alone" service because they really do not function as a "stand alone" service; and because of that Elections did not have performance data in place to really help staff determine how well this function performs. Staff said that this particular function probably should not have been separated out as a separate service. It was noted that in other functional areas there were measures available.*

Commissioner James asked about an assessment of the High School Challenge. *The response was that it was not a part of the review for this year.*

***Commissioner Clarke entered the meeting.***

It was the consensus that the Board be provided last year's Program Review information (the detailed sheets) specifically those areas that were red for reference purposes.

## **(2) FY2008 TOTAL COMPENSATION**

Budget/Management Director Hyong Yi reported on FY2008 Total Compensation.

Director Yi addressed the following:

- The Board's Strategic Emphasis
  - Market-Based Compensation
  - Pay-for-Performance
  - Competitive Benefits
  - Insurance Reserves

Highlights:

- The potential impact on the FY08 Budget is \$12.1 million and includes
  - \$429,000 for Market-Based Compensation
  - \$9.38 million for Pay-for-Performance
  - \$2.3 million for Medical/Dental Benefits
- Proposed FY08 Market Adjustments
  - Adjust market rate 2.8% for all positions
  - Adjust only salaries that fall below 80% of market
  - Direct survey data will be used for FY09 market adjustments (2/3 of positions)

- Remaining 1/3 will be adjusted by regional data
- Pay-for-Performance Proposed Strategy
  - Increase the range to make pay increases more competitive, particularly at the upper end
  - Increase the range to continue rewarding successful performance at a competitive rate
  - Increase the range to emphasize pay philosophy of market pay for market performance
- FY08 projected increases
  - Medical (County)    7.0%    \$1,958,459
  - Medical (Employee) 3.0%
  - Dental                    8.0%    \$ 119,592

***A copy of the report is on file with the Clerk to the Board.***

Comments

Commissioner Clarke requested more detail with respect to the difference in the FY08 projected increase for Medical cost compared to FY07, which was an increase of 12%. *The response was that the claims trends remained fairly stable and that the actual difference that was gained was through the doctors accessed through Cigna’s Preferred Provider network. It was noted that Cigna has a Preferred Provider network that County employees can access and if they use those providers, Cigna has negotiated lower rates for those services.*

Commissioner Clarke asked was it correct then to say, based on staff’s response that it’s because the County has taken advantage of Cigna’s negotiated volume discount rate. *Staff said that was correct.*

*Human Resources Director Frank Ganzlmar and Chris Peek of his staff commented on this issue.*

Commissioner Clarke asked staff to explain the term reserves in the context of benefits. *The response was that it was like having a savings account, having funds set aside to pay for unexpected occurrences.*

Commissioner Clarke asked, based on staff’s response, was it correct to say that what staff plans to do in FY08 is to pay these claims using current tax revenues, budget for that and at the same time additional funds will be placed in a reserve account and earmarked to pay claims if the claims are more than what was budgeted or expected. *Staff said that was correct.*

Commissioner Helms asked was there a separate item in the budget for the reserves. *The response was yes, but that the Board would not necessarily see that line item because it would be budgeted as one dollar amount.*

Director Yi noted that the overall strategy is to provide market pay for market performance for County employees and to provide competitive and affordable benefits, so that Mecklenburg County can continue to be a competitive and attractive place to work.

Director Yi said another strategy or philosophy going into FY08 is to make sure that successful employees and those that are performing at a high level, an exemplary level, don’t lose ground relative to the market and relative to the cost of “simply living,” i.e. medical insurance, gas, the cost of living “as it is generically called.”

Commissioner Bentley asked what percentage of employees fall below 80% of the market. *The response was none currently, but that once the adjustment is made, it’ll be a little over 400 employees that would be impacted.*

Commissioner Bentley asked, with respect to Pay-for-Performance, how does staff stratify exemplary, successful, and needs improvement and how does staff look at this if you have a certain expectation of the percentage of employees in a department that should perform at each of those levels. Commissioner Bentley said 52% at exemplary seems high.

County Manager Jones explained that the 52% was actually how people were evaluated in the course of a year. County Manager Jones noted that the comment is raised annually with respect to 50% being high, but that his preference would be that he would have 100% of Mecklenburg County employees who were exemplary performers. He said that's the goal he is striving towards. He said in his estimation, as a Manager, 52% is low, but from a management standpoint it says Mecklenburg County has set a high bar.

Commissioner James asked about the status of Other Post Employment Benefits. *The response was that the Board would be receiving a report on this matter at a later date, but that the increase for this may be \$12 million.*

Commissioner Clarke asked about the range movement for exemplary and successful. He said one was raised more points than the other. *The response was that the goal is to give managers that are doing the evaluation the flexibility to determine what the increases should be. Also, that the intent was to make it meaningful for those performing at a high level.*

Commissioner Mitchell asked about the motivation of employees. *The response was that the County is trying to ensure competitive pay and benefits. It was noted also that relationships with supervisors is also a factor and that there are other intangibles as well.*

General Manager John McGillicuddy noted that what the County can do is to create an environment that allows employees to motivate themselves because "truly persons can only motivate themselves." He said that there were two components of that environment, one, the job component, which includes the work itself. He said people are looking for meaningful and challenging work, an opportunity to contribute to something that they believe in, enjoying what they do. Also, compensation plays a role, people want to be compensated fairly. The other is the workplace component, which is where a lot of the intangibles come in. He said people are looking for a workplace that focuses on customer satisfaction, diversity in the workplace, a good work/life balance, opportunities to develop, a good working relationship with their supervisor, and for opportunities to do a variety of jobs within the organization rather than one thing.

Commissioner Bentley asked was there anything in place to capture why employees resign. *The response was yes that exit interviews occur.*

Commissioner Bentley asked how the County's resignation rate compares to other comparable counties. *Staff said they would report back on this. It was noted, however, that improvements have been made since the County implemented the new compensation plan.*

*Note: The above is not inclusive of every comment or question, but is a summary.*

## **ADJOURNMENT**

Motion was made by Commissioner James, seconded by Commissioner Clarke and unanimously carried with Commissioners Bentley, Clarke, Helms, James, Mitchell, and Roberts voting yes, that there being no further business to come before the Board that the meeting be adjourned at 5:30 p.m.

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Janice S. Paige, Clerk

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Jennifer Roberts, Chairman