

MINUTES

COUNCIL FINANCE, HUMAN RESOURCES and CITIZEN APPOINTMENT COMMITTEE

Monday, March 27, 2023 – 11:00 AM
City Hall Council Chambers

Members Present: Aaron Baker, Chair, Council Member
Mac Morrow, Vice Chair, Council Member

Staff Present: Wilson Hooper, City Manager
Dean Luebbe, Finance Director
Kelley Craig, Human Resources Director
Becky McCann, Communications Coordinator
Denise Hodsdon, City Clerk

Guest: Kevin Jones, ABC Board Chair

A. Welcome & Call to Order

Committee Chair Aaron Baker welcomed everyone and called the meeting to order at 11:00 AM.

B. Certification of Quorum

Quorum was certified by City Clerk Denise Hodsdon.

C. Approval of Agenda

Motion by Mr. Morrow, seconded by Mr. Baker to approve the agenda as presented. The motion carried unanimously.

D. Approval of Minutes of February 27, 2023 Meeting

Motion by Mr. Morrow, seconded by Mr. Baker to approve the minutes of the February 27, 2023 meeting as presented. The motion carried unanimously.

E. ABC Board Request for Capital Account

Mr. Hooper explained that ABC Board Chair Kevin Jones will share a plan that the Board has to sure up their finances and avail themselves of some opportunities in the years to come. The City is their parent agency and is entitled to a financial contribution from

them each year based on their sales and some other factors. Our contribution from them would be affected somewhat if we give them the go ahead to proceed with this plan that Mr. Jones is going to share with us.

Mr. Jones explained that the ABC Board is looking to ask City Council for permission to save more money than we already are. He shared that the Board was founded in 1967 and has always leased its retail space. The current lease on the Downtown store expires on March 31, 2029 with no renewal options, and the lease on the Pisgah Forest store expires in 2026 with a five-year lease option. The Board has doubled its revenue from \$3,028,426 in 2014 to \$6,069,693 in 2022. Currently the Board's total profit on \$6M in sales is a little under \$600,000. What we are currently doing with that is profit sharing with the City in the amount of \$240,000 and County in the amount of \$80,000. Five percent goes to Law Enforcement and we usually allocate \$10,000 for alcohol education.

Mr. Jones said it is not unreasonable that eight years from now, just like the last eight years, we are going to see a doubling of sales. We are trying to look forward to eight years from now when we are a \$12M per year business. Our leases are not really secured or guaranteed and we don't know if we want to be leasing again in five years; we may want to own a property. However, we know that right now we are not in a cash position to start talking about investing in property and taking out mortgages. That is the point of us coming to City Council. According to Part 4, Section 6.3(F) of our Code we are looking for permission to set aside money in a separate capital accumulation account in order to have some cash on hand if we decided to look at purchasing a property in the future. A second reason for doing that is because we are growing fast, we currently have a 9-10% profit margin on sales, but in looking at other ABC Boards, there are several that have 15% profit margins and they own their own stores. Looking forward to eight years from now, the difference between 10% and 15% is an extra \$600,000 per year. Rather than our profit going up to \$1.2M, maybe it will be going up to \$1.8M eight years from now. Ultimately, one way or another the monies are going to come back to the City and the decision the Council is going to have to make is whether they want a little more now or a lot more later. In another year we are going to hit a point where we have retained as much money as we can in our cash account without having this second capital account. Our first step to making more profit is to buy more inventory when it is on sale and our ultimate vision is never having to pay actual wholesale for a bottle of liquor so that every time we sell it we are realizing extra profit. If we had this capital reserve account we start saving money this year and we could put a lot more cash into inventory. If we were funding a capital reserve account, for every dollar we would put in there, we would increase the amount of profit we pay to the City by 25% and the County by 8%. For example, if we are saving \$150,000 in our capital account, aside from making the initial profit sharing of \$240,000 to the City, we would be adding \$37,500. At the same time we would be building the capital account to either purchase a building, expand inventory, or maybe build a warehouse if needed. We are looking for the okay from the City to stockpile cash for a future business investment.

Mr. Hooper added that they have a cap on how much money they can save and anything

beyond that the City is entitled to all of it. Essentially what they are asking is for us to give up our claim to all of it and let them keep a little more to save and conduct their business with. Our \$240,000 is protected; essentially we are talking about giving up our claim to any surplus profit they generate so that they can start to save. Mr. Luebbe added that hypothetically twenty years from now if they bought a building and paid it off, then our distributions would start to be considerably larger. If for some reason they don't buy a building and they find another favorable lease, that money would transfer to their operating capital and would get distributed to the City anyway.

Following discussion, there was consensus to take the ABC Board proposal to the full Council for consideration.

F. Personnel Policy Revisions

Ms. Craig reviewed proposed revisions to the Personnel Policy, some of which are elected changes intended to increase the City's ability to hire competitively, increase morale, and make the City a more attractive place to work. There are also a number of changes recommended by the Class and Compensation Study or to keep pace with prescribed governing standards. A summary of the proposed revisions is attached.

During discussion, Mr. Baker suggested that this might be an opportunity to also update the section in the policy regarding employment of relatives. Mr. Hooper and Ms. Craig will review that section and make recommendation for revision prior to sending to the full Council. Motion by Mr. Morrow, seconded by Mr. Baker to send the proposed revisions to City Council with a recommendation to approve. The motion carried unanimously.

G. Update re Committee Applications

There was consensus to keep the application period for advisory committees open until the end of March with the goal of filling all vacancies by May 1st.

H. Set Date for Next Meeting

The next meeting of the Finance & Human Resources Committee will be on Monday, April 24, 2023, at 11:00 am.

I. Adjourn

There being no further business, the meeting was adjourned at 12:09 PM.

X 

Aaron Baker
Chair, Council Member

Minutes Approved: May 22, 2023

X Denise Hodsdon

Denise Hodsdon
City Clerk

PERSONNEL POLICY UPDATE

2023

ELECTIVE POLICY CHANGES

1. Holiday Schedule Update

- ✓ *Addition of Juneteenth Holiday to the list of approved City holidays.*

Anticipated budgetary impact would be approximately \$5,000 annually given there are employees who work on the holiday and are paid holiday hours in excess of their regularly scheduled hours (police, fire, water, wastewater, etc.).

2. Paid Parental Leave

- ✓ *Article VII, Section 18. Paid Parental Leave is a new section providing up to 6 weeks of paid parental leave for the birth or placement of a child for an eligible employee.*

3. Personnel Board

- ✓ *Delete Article XII. Personnel Board*
- ✓ *Removal of reference to appeal to Personnel Board in Article X. Grievance Procedure and Adverse Action Appeal.*

POLICY CHANGES UPDATES FROM COMPENSATION STUDY OR OTHER COMPLIANCE/CLEAN UP.

4. Pay Plan Change to Range Names

- ✓ *Our current pay plan has a hiring rate, minimum rate, and maximum rate. Included in the compensation study recommendations, was the recommendation to re-name our hiring rate the minimum rate. This is standard pay plan and compensation administration practices.*

This change would impact multiple sections throughout the policy where the hiring rate was referenced. This reference would be changed to minimum, grade minimum, or minimum salary.

Our current hiring rate would become the minimum.

5. Overtime Pay Provisions

- ✓ *With the addition of full-time fire department staff, we have placed those employees on a pay schedule in accordance with the Fair Labor Standards Act that pays them for overtime based on a 28 day work period and when hours worked are over 212 hours in that work period. A revision to **Article III. Section 12** of the policy just reflects this change that is already in place and agreed upon by the hire letters signed by those employees.*

6. Inclement Weather and Emergency Closings

- ✓ *Language added to make the section more thorough and expansive to cover situations like pandemics and other situations other than weather where city operations might be impacted.*

7. Holidays and Leaves of Absences

- ✓ *Change in Vacation Accrual for those with 0-2 years of service, moving them to the same accrual rate as those who have been here 3-4 years.*

Prorating leave accruals for those who work more than 40 hours per week on average (Police & Fire).

- *For example, a firefighter works on average 56 hours per week so would get 11.2 hours per each holiday instead of 8 hours for each holiday.*
- *A Police officer works on average 42 hours a week and thus would get 8.4 hours per each holiday instead of 8 hours per holiday.*
- *Vacation and sick leave hours would be adjusted up as well based on the calculations.*

There may be a budgetary impact to the adjusted accruals if an employee were to leave service and there were a vacation payout. This is hard to calculate.

Section 20. Workers' compensation leave section has language added to clarify leave is not subject to retirement system contributions and 401k contributions. Also new section regarding return to work provisions (modeled after the state policy).

8. Administrative Leave

- ✓ *Cleaning up the language to be consistent on administrative leave and taking out reference to suspension.*

9. Internal Application Process

- ✓ *Article IV, Section V has a slight change to the language indicating that employees wishing to apply for promotions need to submit an internal application. This removes the need to contact Human Resources for an application.*

With the implementation of our online system, all positions are posted online including internal only postings and employees can complete the internal application online or via paper and submit it to Human Resources.