

**DRAFT SUMMARY MINUTES OF A WORK SESSION
OF THE CHAPEL HILL TOWN COUNCIL
CHAPEL HILL PUBLIC LIBRARY
WEDNESDAY, MAY 22, 2013 AT 6:00 P.M.**

Council Members Present: Mayor Mark Kleinschmidt, Mayor pro tem Ed Harrison, Council Member Matt Czajkowski, Council Member Laurin Easthom, and Council Member Sally Greene.

Council Member Absent: Council Member Donna Bell, Council Member Gene Pease, Council Member Lee Storrow, and Council Member Jim Ward.

Others present: Town Manager Roger Stancil, Deputy Town Manager Florentine Miller, Town Attorney Ralph Karpinos, Planning Director JB Culpepper, Community Participation Coordinator Jennifer Phillips, Business Management Assistant Director Jeanne Tate, Human Resource Development Director Frances Russell, Budget Manager Matthew Brinkley, Business Management Director Ken Pennoyer, Assistant to the Town Manager Jason Damweber, Manager, Mayoral Aide Mark McCurry, and Deputy Town Clerk Amy Harvey.

AGENDA ITEMS

Item 1: Approve Agenda

Mayor Mark Kleinschmidt called the meeting to order at 6:05 p.m. At Town Manager Roger Stancil's request, the Council approved to proceed with the agenda as revised unanimously.

Item 3: Retiree Healthcare

Town Manager Stancil, Ellen Tucker representing Hill, Chesson & Woody, and Jim Bons representing AmWINS Group provided the Council with an update on a proposed transition in retiree healthcare for post-65 retirees, shifting from the Town's Blue Cross Blue Shield subsection to a Medicare Supplement and Part D model administered through AmWINS. Ms. Tucker explained that Medicare would remain primary coverage and that retirees would experience minimal change in how their coverage functioned day-to-day, though the behind-the-scenes payment structure would differ.

Mr. Stancil, Ms. Tucker, and Mr. Bons highlighted several key impacts including:

- Estimated \$205,000 savings in FY14.
- At least 20% reduction in long-term OPEB liability.
- The AmWINS plan would help address Medicare Part D coverage gaps and work to match existing retiree prescriptions.
- Medicare-participating physicians would remain accessible; Medicare would pay 80% and the supplement the remaining 20%.
- ER copay concerns were discussed, with assurances that emergency-care decisions should not be discouraged.
- Out-of-country care limitations under Medicare were noted, though retirees could access dental coverage through Delta Dental or other plans

Council members asked questions regarding potential prescription tier disruptions, volatility of copays, education for retirees in the defined-contribution model, and the need for clear communication before final transitions. Mr. Stancil clarified that formulary reviews would be conducted to minimize disruptions and that AmWINS had mechanisms to add needed medications if not initially included.

Item 2: Compensation and Classification Update

Town Manager Stancil introduced the update by reviewing the Town's ongoing efforts to modernize its personnel systems. He noted work underway to clarify job expectations, improve consistency in policies and supervisory practices, expand two-way performance feedback, strengthen the wellness program, and update the grievance process. He highlighted that the Town's health insurance premium increase was approximately 1%—significantly below the national average of 6%—attributing progress partly to wellness and employee engagement initiatives.

Ruth Ann Eledge, representing Waters Consulting Group, Inc. presented an overview of the draft compensation philosophy, guiding principles, and market methodology used to review the Town's compensation and classification structure. She described how benchmark jobs were selected to represent various career families and how public-to-public and public-to-private comparisons were incorporated where reliable. She noted that higher-level salary ranges were falling behind market more quickly than lower-level ranges, and that the Town's benefits were generally competitive, sometimes appearing higher due to medical premium structures.

Council members engaged in discussion regarding competitiveness, pay compression, step progression, geographic differentials, the relationship between performance management and compensation, and balancing affordability with retention goals. Mr. Stancil recommended adopting the new pay plan structure, bringing employees below minimum up to minimum, and placing eligible staff on steps—estimated to cost just over \$200,000 in personnel and benefits. Additional phases related to recognition, step movement, and other implementation details would require further employee engagement and Council discussion.

Council members also discussed sustainability, the revenue impacts of various pay-increase strategies (such as a 2% across-the-board adjustment compared to historical 3.78% step increases), and long-term workforce competitiveness. Members emphasized the importance of employee input on how step progression and recognition systems should work and acknowledged the need to finalize the pay plan structure before defining advancement methods.

The meeting adjourned at 8:00 p.m.

Brittney Hunt
Town Clerk