

December 6, 2022

A Regular Work Session of the Danville City Council convened on December 6, 2022 at 8:21 p.m. in the Conference Room located on the Fourth Floor of the Municipal Building. The following Council Members were present: James B. Buckner, L.G. "Larry" Campbell Jr., Bryant Hood, Mayor Alonzo L. Jones, Barry Mayo, Vice Mayor Gary P. Miller, Sherman M. Saunders, J. Lee Vogler, Jr., and Madison J.R. Whittle (9).

Staff Members present were: City Manager Ken F. Larking, Jr., Deputy City Manager Earl B. Reynolds, City Attorney Clarke W. Whitfield, Jr., and City Clerk Susan M. DeMasi.

Mayor Jones presided.

MINUTES

Upon Motion by Council Member Buckner and second by Council Member Campbell, Minutes of the Regular Work Session held on November 1, 2022 were approved as presented. Draft copies were distributed to Council Members prior to the Meeting.

APPOINTMENTS

Vice Mayor Miller stated that the Committee on Appointments met prior to the regular Council meeting and the Committee would like to make the following recommendations:

1. Reappoint Robert Kessee to the River District Design Commission.
2. Reappoint Lenard Lackey to the Employee Retirement System Board.
3. Reappoint Hampton Wilkins to the Fair Housing Board.
4. Reappoint Katherine Harvell to the Fair Housing Board.
5. Appoint Michael Searce to the Planning Commission.

Council had no objections to the recommendations.

WORK SESSION ITEMS

CONSIDERATION OF VACATING A RIGHT OF WAY ON LYNCH STREET

Council Members had no questions on this item, and agreed to put this on an upcoming business agenda.

CONSIDERATION OF AMENDING DANVILLE CITY CODE SECTION 2-4 – CONFLICT OF INTEREST

Council Members had no questions on this item, and agreed to put this on an upcoming business agenda.

PRESENTATION OF PAY STUDY RESULTS

City Manager Ken Larking reminded Council that the current fiscal year budget included a pay increase for all City employees, with the exception of the Police Department, in January related to the increase in minimum wage. In 2021, there was a crisis situation in the Police Department due to several vacant positions as well as recruitment and retention issues. Out of necessity, the City proactively implemented a minimum wage increase for most sworn positions which became successful in keeping police officers in the community serving the public. Later, Chief Coffey

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alerted him that there were some fire fighters who were not happy they were not included in that increase. He met with all the fire fighters during shift meetings and told them the City would conduct a pay study for fire fighters to see if there was an issue with their pay. He asked that other positions in the City be included to see if the outcomes for the fire department would be unique or prevalent for other departments. Danville was not experiencing vacancy crises in the fire department. There were currently four vacancies with three of those positions already filled and 41 applicants for the remaining position. The information showed there were pay disparities that needed correction throughout the City and not just in the fire department. A comprehensive pay study was needed to fashion an approach which will address disparities throughout the organization, not just one element. There will be two recommendations at the end of this presentation. One calls for a flat increase of \$1,000 per employee to help address compression issues related to the implementation of the \$12.00 minimum wage. The other was to immediately conduct a comprehensive pay study so staff can tailor any additional solution to pay in the most efficient way.

Director of Human Resources Sara Weller explained that the City contracted with the Berkley Group, who the City has worked with for many years. Ms. Weller introduced Margaret Schmitt, the lead on the team working with the City. They helped with the pay study that was conducted a few years ago, the minimum wage adjustment study, and when they wanted to look at the fire/emergency services pay more closely, the Berkley Group also handled that. Part of the reason the City partnered with Berkley was because the team assigned to the City were retired HR directors who spent their career in Virginia. They were very familiar with public safety, public sectors, benefits, some of the challenges the City goes through, and how compensation works with local government.

Ms. Schmitt thanked Council for having her there this evening, and reviewed her PowerPoint presentation *City of Danville Fire and Emergency Communications Pay Study Report, December 2022*, (a copy of which has been retained in the City Clerk's folder in Laserfiche) reviewing the City's goals to assess the total compensation of both direct pay and the value of benefits. The City has a significant investment they were making in employee pay next month so they want to look at the context of that. Their study followed the City's policies and practices, looked to see how the City compared to the averages in the surrounding markets, and came up with options and recommendations. They think the City should proceed with the January increases, complete a market study, and consider additional increases if resources were available. Mayor Jones stated Mrs. Schmitt was saying to go with this increase and complete a market study for fairness of all the employees and Mrs. Schmitt noted yes.

Ms. Schmitt stated the overarching goal for the whole assessment was to be able to continue to attract and retain qualified employees. They also made some assumptions, and those were that they were going to support the City's current principles and practices. The City would maintain the intended pay structure planned for January 2023, and employee pay was supported by pay for performance based annual increases; they want to maintain those planned increases, and they have to recognize some compression was going to remain.

Ms. Schmitt stated that a pay range had a minimum and a maximum. Typically, employees come in at the minimum, they hopefully progress through the pay range as they get more experience and were rewarded for their performance. What happened over time was that annual increases were not greater than the structure increases. The employee pay was not moving as fast, and pay gets clustered together regardless of other factors, such as how much time someone has with the city, regardless of their performance, their pay tends to be clustered together and employees quite honestly do not like this. They want their pay to progress based on their time with the City.

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Council Member Saunders asked when the study was conducted were they looking at cities of like size and jobs of like size. Should the City's employees expect to make the same pay as those in Lynchburg and Roanoke even though Danville was smaller in comparison. Mrs. Schmitt reviewed the comparable organizations, and noted it depended on who Danville was in competition with; that was what mattered most when looking at a market-based system. Who were they losing employees to and who were they trying to attract employees from. Mayor Jones questioned if there was any way a study could be done to what Mr. Saunders stated; can they compare Danville to others who have the same population. Ms. Schmitt stated one thing to remember was when anyone does a market study for Danville, they look at a wide variety of organizations. They looked at sixteen or more organizations; there was Lynchburg but there was also Bedford and Henry County, those highs and lows, and what they look at was the average of the averages. It also takes into account slightly bigger communities, smaller communities, more resources, more employees, less employees, long term employees, and short-term employees. The more matches they have the more comparable the data.

Council Member Vogler commented that this was a great conversation, and with population disparities, he hoped they also looked at the tax base as well because the tax base of Charlottesville and some of these other places were like night and day compared with Danville. Ms. Schmitt stated absolutely; they worked with the City in both 2019 and 2020, and did a comprehensive compensation and classification study. They looked at every job description, had focus groups for every employee, developed new pay plans, and reclassified jobs. So many things have happened in the last three years that the City will have to do it again. The market changed from the pandemic, to the great resignation, to erosion of benefits; there were lots of reasons why the labor force has changed. There are two jobs for every person who wants to work right now.

Ms. Schmitt stated that consistency was also very important, and reviewed *Comparison Organization – Pay*. The list of comparisons was the same list used in 2014 and 2020; they want to be consistent in their market comparison organizations. They asked each organization for their pay for comparable positions. They started with Fire and Emergency Communications study, and noted that on the PowerPoint the localities with an asterisk (*) beside them offered ALS (advanced lifesaving services) through their Fire Department. Danville's structure was different, and their firefighters provide fire suppression services, basic EMT stabilization and those kinds of things; they do not run ambulances. The organizations that provide ALS do run ambulances so entry level firefighter pay may be similar but as they acquire training, it moves up. Ms. Schmitt noted she had Pittsylvania County circled because like many counties, they were moving towards paid EMS services; they do have a few paid ALS providers, and were still a combination department.

Comparison Organization – Benefits. Another aspect of this study was benefits; a broader reach of localities responded from the benefit side. The City has a very comprehensive and favorable benefits program, and were the complement to direct pay; both things come together to have a total compensation package. For the primary benefits there were only a couple of places where Danville was not competitive with the market and not every benefit was valued the same way. For example, Danville has onsite health care for employees; employees can go to that clinic and get basic health care services with no copay; they don't have to go to a doctor and pay a copay with their medical plan. That was a direct payment to an employee's pocket. Paid time off was great, and another benefit where the City leads in the market.

Fire/ECC Pay Study Background. Talking primarily about fire and emergency communications was the first focus of the study. Ms. Schmitt noted when they look at competitive pay systems and compare Danville's to the market, they do that in a percentage; 100% was they were even with the market. The farther they get from that, the lower they were from the market. The higher above

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100%, the more they lead the market, they were better than the market. Two primary factors were the City's pay range, their minimums, and their actual pay compared to the market; two components that each have two different values. The pay range minimums were where the City greets the market, what was advertised, what they try to say to attract people to come and work for Danville because that was where they start paying. It was designed to attract and recruit qualified candidates and it sets the parameter to give employees an expectation that from the minimum to the maximum they should be able to move their pay through that range in their career.

Actual pay was when an employee was earning the money they were getting in their take home pay. The actual pay for current employees tends to be the most important variant and if the City was way off the market on either of these things, there's going to be some tangible evidence of that, which they saw in the Police Department last year. If the minimums were too low they were not going to attract enough employees, or enough applicants to consider. If the actual pay was too far off the market that tends to get people looking elsewhere to find out where they can do the same work for more money, and it impacts retention. Typically, that firefighter minimum was most important because when people get promoted and move through the system, based on how the system was set up, their actual pay was what supports keeping them. They looked specifically to understand the firefighter's concerns of the minimum pay versus the actual pay; they also looked at recruitment and retention. What does the turnover look like in the fire department; there were currently sixty approved firefighter positions, four vacancies, three of which already have offers made to start on February 1, 2023, and forty-one applicants for that one remaining vacancy. There was potential for some retirements next year, nothing formal, but they have to be prepared for that. There looks like a good number of applicants, and turnover has actually been fairly reasonable. When looking at all twenty three firefighters over the last three years that have left Danville, the ones that they want to focus on were the ones who resigned, because that's voluntary turnover, someone who made a choice to go somewhere else.

Non-resignations over that last three years was about a 5% turnover rate, which was pretty good; recruitment and turnover was in pretty good shape in the Fire Department. The City has made a significant investment in their whole workforce and that was going to impact fire and emergency communications with the January 2023 increases. They were spending a little over \$2M to increase the minimums to be more competitive with the market and filtering those increases to all employees.

Fire/ECC Pay Study Results. Talking more specifically about the study results when they went out to the market, that first set of data for fire and emergency communications showed how the City's minimums compare to the market. The City's minimums were low compared to the market; they will be better in January when the City implements the new pay structure. For example, a firefighter was going to go at the minimum 81% of the market, that's about 19% behind the market, and that was going to improve a bit to 84%; it was a slow progression but it's moving forward. A couple of weeks ago there was some interest in finding out what South Boston was paying so they got that information from South Boston and added that into the mix. Ms. Schmitt reviewed the data with South Boston noting there was not a significant change.

They also looked at average pay for Danville compared to the market average; it was what those other organizations were actually paying their employees on average in each of these jobs. The City was more competitive at the actual pay that employees were earning, but it was still behind the market. The adjustments in January were going to be a pretty significant increase moving the average from the current 87% for a firefighter to 90% of the market; it's definitely improving. Just to note again, the actual pay employees were earning, Danville was more competitive with the market averages than they were at the minimum. They did the same thing using South Boston,

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and Danville was actually very similar. They do not have emergency communications, so they only compared the sworn fire positions in South Boston; there was very little difference in the average market minimum. The average with South Boston was \$45,931 and without South Boston was \$45,880. The City's pay in some instances was low compared to the market, both in the ranges and in the actual. Ms. Schmitt noted looking at the PowerPoint, they will notice the numbers in the green column were not all terribly low, there was a range. It showed the actual pay due to a wide variety of factors like what performance increase the employee received, what other increases there have been, what was the rate of promotion.

Supplemental Study of Other Market Sensitive Jobs. The City was having a difficult time in recruiting or retention in twenty-three jobs, to be representative of the organization. Ms. Schmitt noted they tested this to see if it was just lagging the market, or was it more across the organization; they found it was more across the organization. There was some variance in some jobs that were much better compared to the market and some that were not. In general, the indications were that the City's jobs lag the market; they were generally below the market across the board, the indicator was that the City was not as competitive. Looking at average actual pay, what people were actually making against what others were actually making, the City comparisons were better but they're still low in many instances. There were some vacancies they have not been able to fill. Overall, the City benefits continue to match or exceed comparisons, and continue to lead the market in paid holidays, retirement, medical access, and retirement support. In general, current City minimums tend to lag the market average; the planned adjustments in January were going to help that but they will still lag the market, just not as much.

The firefighter turnover and recruitment experience was generally positive. They probably don't have 200 applications like they've had in the past, but they appeared to have adequate applications. Local government recruiting and retention was challenging everywhere across Virginia; Danville was not unique in that the labor market was stressed and local government was generally lagging the market. They were challenged with a variety of things and people who want to work were not seeing public service as a viable profession. They know there were more jobs than there were people and it was an employee market right now. Law enforcement officers were extremely stressed at the moment. They last reviewed their pay systems in 2020, and usually three to four years would be about right, but again that was out of date. The increases that localities were paying to keep their police officers tend to drive up all first responder pay. Overall, Danville's recruitment and retention experience were the key indicators when they were thinking about what they want to do with the pay systems. Ms. Schmitt stated she saw it as a 3 legged stool. The first leg was, what was the market paying for comparable work; the second leg was, what was the recruitment and retention experience in this field in Danville, and the third was, how do the City's jobs compare to each other and what was the equity within the City's system. That stool was not going to be stable unless they have data on all three legs; that was where a study will help.

Results indicate the City lags the market across the organization; the options that were talked about earlier were the recommendation to implement the planned increase in January 2023 and complete a comprehensive market study by the end of fiscal year 2024 to be more competitive. That \$1000 flat increase to pay range minimums to current employees pay before benefits, that cost was \$920,000. It was good step to bring minimums up a bit to be more competitive. It will hopefully get some positive results and then they can do a study. After the January increases, the firefighters actual pay will be at 90% of the market and if the City were able to give another \$1000 to every firefighter, that would improve that to 92% of the market. Danville would get something comparable for the other jobs as well.

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Mayor Jones thanked Ms. Schmitt because it was important for him that they do a complete study for all of the employees. Mrs. Schmitt added another advantage from conducting the study was using resources where they were most needed. If Danville had a group of jobs that were already leading the market then it was not important for the City to put more money there. They can put more money where it was lagging, they can make more strategic decisions.

Mr. Saunders noted after seeing the information and the presentation, the market for the individuals that they look at may be different for those in northern Virginia or North Carolina. When Ms. Schmitt looks at the market how does she stay fair. Growth costs money and to maintain that growth costs money; taxpayers were only going to pay so much. The City Manager has a huge job to balance the 1,100 employees, and he has some concerns about the market studies. Council Member Vogler stated that Mr. Saunders had some great points. The City firefighters were definitely low in pay, and some of the other positions were low; looking at 50% or 60% of the market was not good. He was glad Ms. Schmitt pointed out benefits and how Danville's compare, for mentioning the clinic and paid time off because that was something that Council worked hard to get in. It is good to see how Danville's were better than some.

Council Member Whittle commented that hyperinflation should be counted into the study as well. Ms. Schmitt stated that inflation was sort of a recent thing in the economy over the last six months. If other localities have increased pay to cover inflation then it will show when they get those numbers. The City can still be competitive at 92% of market, it does not have to be at 100%. A cost-of-living increase can be factored into those figures as well; the City has flexibility to look at those. Yearly increases were included and captured in the market data. Vice Mayor Miller commented that they need to be fair to all of the employees and look at the pay scale for everyone. What everyone looks at when they take a job was their salary. He thought the firefighters had a valid point because inflation was really taking a bite out of people's spendable money.

Mayor Jones once again thanked Mrs. Schmitt for her presentation, and stated that he thought doing a complete study for all employees was the way to go.

PROGRAM UPDATE

Mr. Larking reminded Council about the IT security training that needs to be completed before the end of the year. They can go to the IT department and schedule a time to do that. Months ago, Mr. Vogler asked staff to look into billboards and outdoor advertising, was that something that Council would like the Planning Commission to look into. There needs to be a balanced approach when it comes to billboards and keeping them to a minimum. Council Member Vogler stated this came about because there cannot be a digital billboard per the City code. Not trying to flood the City with billboards but to replace the old ones with digital ones would require a change to the ordinance. Council was interested in the Planning Commission completing a study.

ECONOMIC DEVELOPMENT UPDATE

Corrie Bobe commented that they have reached a milestone in the development of the White Mill in today's special called IDA meeting. The IDA approved all of the documents related to financial documents, final partnership documents, operating agreements, lease agreements, sublease agreements, and more which puts the City in the position to begin closing on financing. Construction will be beginning this month at the property. This was a huge financial commitment between the City and the IDA, and staff thanked Council for all of their support to make this happen.

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COMMUNICATIONS

Council Member Campbell stated that he was very interested in more information regarding the study. It was disturbing to see the discrepancies in pay. He knows it takes time and a complete study will be done but it was important for Council to look at a good quality of life.

Council Member Hood commented that there are many levels to the pay study, and he appreciated how well it was put together and explained.

Council Member Mayo stated that he agreed that the comprehensive study will show where Danville needed to be and to the Mayor's point, the whole City staff matters.

Vice Mayor Miller commented that they want to retain as many good employees as they can. Training cost thousands of dollars when new people come in, so whatever they can do to retain current employees was important.

Council Member Saunders noted he wanted a better understanding of the market and the people in the market; the populations were not comparable to Danville. He would also like to look at their pay scale and how often that was changed. When they get less than five grievances out of 1100 employees, that was good and showed people were happy with their jobs. They need to be fair to all employees; he would like to see a full study done with a recommendation.

Council Member Vogler commented that he hoped everyone looked at the information provided tonight, and the information provided in budget meetings.

Mayor Jones noted one of the main questions was how the City was going to pay for this. The reality was there was no money coming in from Caesar's yet, and the other part was he was really not a fan of giving the police department those raises because he knew this would happen. Now they have the fire department coming to them, and other departments would be next; where does it stop. Mayor Jones suggested going forward that Council tell the employees to contact the proper authorities and they get away from it. He has a problem with employees coming to Council, and prefer that they go to their supervisors and then the supervisor go to the City Manager. If there were any ideas on how to pay for this, please let them know.

CLOSED MEETING

At 9:49 p.m., Vice Mayor Miller **moved** that this meeting of the City Council of the City of Danville, Virginia be recessed and that Council immediately reconvene in a Closed Meeting for the following purposes: discussion or consideration of the acquisition and/or disposition of real property for a public purpose where discussion in an open meeting would adversely impact the bargaining position of the City as permitted by Subsection A(3) of Section 2.2-3711 of the Code of Virginia, 1950 as amended, and more specifically to consider a discussion regarding the sale and/or potential purchase of specific parcels of property for use by prospective industrial, commercial, and mixed use projects looking to locate in the City; and an Economic Development discussion and update concerning a prospective business or industry where no previous announcement has been made and/or the expansion of an existing business or industry where no previous announcement has been made as permitted by Subsection (A)(5) of Section 2.2- 3711 of the Code of Virginia, 1950, as amended and more specifically to consider: an update on multiple prospective commercial, mixed use, hospitality, and industrial projects considering locating within the City and/or locating within the region in cooperation with the City's regional partners; and consultation with legal counsel employed or retained by the City regarding specific legal matters requiring the

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provision of legal advice by such counsel as permitted by Subsection (A)(8) of Section 2.2-3711 of the Code of Virginia, 1950 as amended and more specifically to consider: City Employee-Management relations.

The Motion was **seconded** by Council Member Buckner and carried by the following vote:

VOTE: 9-0
AYE: Buckner, Campbell, Hood, Jones, Mayo,
Miller, Saunders, Vogler and Whittle (9)
NAY: None

Upon unanimous vote at 10:25 p.m., Council reconvened in open session and Vice Mayor Miller moved for adoption of the following Resolution:

CERTIFICATE OF CLOSED MEETING

WHEREAS, the Council convened in Closed Meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Freedom of Information Act; and

WHEREAS, Section 2.1-344.1 of the Code of Virginia, 1950, as amended, requires a Certification by the Council that such Closed Meeting was conducted in conformity with Virginia Law; November 1, 2022

NOW, THEREFORE, BE IT RESOLVED that the Council hereby certifies that, to the best of each Member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements of Virginia Law under Section 2.2-3711 were heard, discussed or considered, and (ii) only such public business matters as were identified in the Motion by which the Closed Meeting was convened were heard, discussed or considered by the Committee.

The Motion was **seconded** by Council Member Mayo and carried by the following vote:

VOTE: 9-0
AYE: Buckner, Campbell, Hood, Jones, Mayo,
Miller, Saunders, Vogler and Whittle (9)
NAY: None

MEETING ADJOURNED AT 10:26 P.M.

APPROVED:

s/Alonzo L. Jones
MAYOR

ATTEST:

s/Susan M. DeMasi, CMC
CITY CLERK