

**TOWN OF RANLO
BOARD OF COMMISSIONERS
SPECIAL MEETING
JANUARY 30, 2014**

A Special Meeting of the Ranlo Board of Commissioners was held Thursday, January 30, 2014 at the Ranlo Town Hall. The Ranlo Board consists of:

Mayor Steve Alexander

Commissioner Linda Rhyne
Commissioner Effie Locklear
Commissioner Jamey Jones
Commissioner Gail Tiderman
Commissioner Jamey Carver

Others Present:

Town Attorney Jim Windham
Interim Town Coordinator Tim Anderson

Mayor Alexander called the meeting to order and Billing Clerk Beth Price called the roll. All were present at roll call.

Commissioner Locklear gave the invocation.

1. Payroll Management

Mayor Alexander thanked everyone for attending the meeting on such short notice and explained that the Town was getting behind on the ORBIT Report among others. He then turned the meeting over to Charles Graham, Town Coordinator.

Mr. Graham stated he had spoken to the Board about revisiting outsourcing the payroll. He said he had conversations with some of the Board members but not all so he wanted to brief them back up. He stated that when the Council voted to outsource, they were outsourcing only the pay checks portion of the Human Resources function not any of the benefits programs. At that time, he had expressed concerns to the Mayor that we needed to consider the whole thing, but in going through with them having done the payroll for three weeks now; first, they are having errors every time including this last time, and that is still not completely straightened out, so he has to work on that again tomorrow. Some checks, deductions, and other things are inaccurate. The real issue beyond that was incorporating what they were doing on the tax deductions with our other benefit packages, which include the ORBIT State Retirement, 401K Retirement, and then the necessary incorporation into our General Ledger account. He finally came to the conclusion that if this was going to work properly with our integrated software system, it either needed to be an all-or-nothing approach because the piecemeal approach results in, for our ledgers to be accurate and our reporting to be accurate, we were going to have to go back in and manually input

everything they were doing in terms of the checks they were doing. So, basically, almost the same amount of work.

He stated that he did have a meeting with them to investigate outsourcing the whole Human Resources including the benefits and everything else and got a price on it. The ultimate cost for them to do everything would be \$18,512 per year, which is half of the current salary that we were advertising before, and we still have to have a clerk, and the amount of work that it would take off the clerk's plate is not half the work the clerk does. So after considering the whole thing and Councilor Tideman and I have had some conversations about it, and he would be up front, some of the work that they would do are beneficial things, but we could also get the same benefits through the League of Municipalities, or he could do that through them and other things, so there are other avenues there that don't have cost added to it. He, from the overall perspective and from a budgetary perspective did not think it made sense to outsource the whole thing, and having them do this one part of it is actually going to put more work on us. He felt that he would have better oversight and better control if we brought everything back in house and the sooner the better because some of the reporting, in particular, ORBITS is problematic and even again yesterday Tim and he were working on some things, such as getting him into the system, and there are things we can't manually input, it has to come from our software system. So now we have to go back and re-enter everything that they have done to catch our software system up so that it will all work correctly. The reporting is just, from everything that he can tell it is not going to be accurate unless it is that all-or-nothing approach. They are doing all of Human Resources, and we are not really concerning ourselves with that at all or we bring it back in house (inaudible).

Commissioner Tideman asked Mr. Graham if he could tell the Board about some of the things that would be included if they took all of it.

Mr. Graham said sure he could and if they do it all, here is the package they presented – what they're doing now is the payroll, which is tax payment, direct deposit, having online services available for employees to check things, and State unemployment insurance (inaudible).

Commissioner Tideman said going (inaudible).

Mr. Graham continued that the other things that they would add if we outsourced everything – they have a benefits package of their own they could administer or they could administer our benefits package, it would be our package but they would administer it for us. That is the health insurance, dental, retirement plans, 401K and ORBITS. They would also provide Human Resources to us, such as employee safety training, provide health development, employee handbooks, help review our job descriptions and keep the employee manual in compliance and things like that. Those are the elements that he saw would be (inaudible). Again, they would help with safety and loss control services through helping us inspect our facility for liability and loss there. Again, he has checked with the League and they offer those services too through our insurance that we have they help out with those types of things.

Commissioner Carver asked if they were still honoring the payment of \$176.20 per week.

Commissioner Tiderman stated that would be included.

Commissioner Carver said no, and asked were they still honoring that every week because their original statement was, "\$220.25 a week, and they would give us 20 percent off", which would do it \$176.20 a week.

Mr. Graham stated that again, that is some of the areas that came up to start with, and he didn't think he had brought those statements in with him, but there was supposed to be the one-time setup fee the first week and the \$176 payment on top of that, which they did. Then the second week there was not supposed to be a setup fee, but there was a \$500 setup fee and the fee was more than \$176. He called and Angie, the saleslady that was here that first meeting, acknowledged there was a problem; the setup fee being included again and was going to arrange come credits on the next billing. As I recall the actual cost was going to be more than \$176.

Chief Tim Anderson stated it was \$270.

Mr. Graham said what they had determined as they were doing payroll this last time was they actually calculated based on the number of checks processed. This is another problematic thing that has come up, is they don't finalize their billing to us until they have completely processed payroll. So a billing statement to us is generated after they have completed the payroll, and the problem that causes is they send us a dollar amount to transfer into the payroll account that they then debit to do all the payroll from, pay the taxes, and they collect their fee that way; well, if we don't know what the fee is up front, we ended up with an overdraft the first two times, because they hit the account for the fee after the fact. What Angie did for payroll this past week was set us up on a monthly billing, so they actually did not bill us for last week's payroll. What they did, they're going to roll it all into a final bill for February, or a final bill whenever we tell them we are not going to use their services anymore, and the way I have been assured by phone is that issue that billing after they process payroll like they always do, but they will make sure and not debit the account until one day later so that will stop any overdraft, so they are trying to correct that. In terms of the \$176 quote, that has not been accurate.

Commissioner Carver asked how much the overdraft fees had been so far.

Mr. Graham said he was sorry he did not have the statement.

Chief Anderson stated \$69 each.

Commissioner Carver asked how many overdrafts had we had.

Chief Anderson stated at least four (4).

Commissioner Tiderman asked if she had not said she would give us credit for that.

Chief Anderson said the lady at the bank said they could give us credit for two (2) of them.

Commissioner Tiderman stated she thought Angie was going to have that deducted from the bill also.

Chief Anderson said he was not familiar with that. There was a bill that came in via email which had the breakdown in costs and some explanation to it, but I couldn't understand it, and Mr. Graham couldn't understand it, and she (Angie) couldn't understand it either. They were going to take it back to their office and that was the last he had heard of it.

Mr. Graham stated that was from their billing system and if any of those credits was going to come out it would come out of the final billing.

Commissioner Carver asked if they had contacted her, obviously you have, and asked her why they were not upholding the \$176.20 that she quoted us in the meeting.

Mr. Graham said he did not specifically ask why she wasn't honoring the quote from the meeting. He did ask her for clarification on the billing so that we would be able to put enough money in the account to stop the overdrafts. What she gave him again is written down in there, is a series of costs based on the number of checks processed, and it goes up with the number of checks. The \$176 that she quoted was at either 18 or 19.

Commissioner Locklear asked whether or not she (Angie) knew how many employees we had.

Mr. Graham stated that at the time, you had that many. You had 19, and since I have been added and a new patrol officer has been added.

Commissioner Locklear stated we had lost one.

Mr. Graham said when the clerk comes in, there will be another one added, so she was giving me figures for that. As we add them, that fee goes up.

Commissioner Jones stated the fee as Tim said was almost \$100 extra. Surely three employees wouldn't be that much more.

Mr. Graham said Angie said that she didn't understand it and she was going to make sure to try and arrange for credits.

Commissioner Jones said with the few overages you had mentioned, one of them would be a \$500 one and with the overdrafts; by that time, that's almost \$1,000, and they may owe us money.

(laughter)

Chief Anderson said since we could not come to an understanding, what Mr. Graham and I had done was to deposit an extra \$500 of additional funds into our payroll account in order to cover any additional cost that we are not prepared to make in the future, so that we don't get hit with any more overdraft fees.

Mayor Alexander stated what bothers him is that even this week the checks were all wrong; very, very wrong.

Mr. Graham addressed Mayor Alexander and said not all of them were wrong.

Mayor Alexander said that the ones that were supposed to get direct deposit didn't. He stated that he was about ready to take off to Charlotte to get the checks, and they finally got here late, and the guys were waiting on them. He asked the question to her that he thought they were supposed to be here early morning by courier.

Commissioner Locklear asked if she had not heard someone say that they were actually put in the regular mail.

Mayor Alexander said yes.

Mr. Graham said that was the week . . .

Commissioner Tideman stated that was the week that Mae started and Mr. Graham started and they were trying to get the hours in and they did not call Lori and say we are faxing this over to you, so we went into *General* not to *Direct* Representative that we had there. It went into the whole pile. We were supposed to have one person that handled our account, and that was a very confusing morning and we got the hours in a got it faxed.

Commissioner Carver asked if the cons outweigh, or do the benefits of outsourcing this compare to bringing it back in house; obviously you have brought the point of our being behind on the routing issue, dollar amounts, the insurance and stuff, we are still doing part of that work in house. In your professional opinion, what would you like to do with it?

Mr. Graham responded by saying that because of the cost, we have a fully integrated system that works. We don't have a clerk, but he was working on that. With a clerk in place and with the fully integrated system, it will work and because of the cost, in his opinion, it would make more sense to bring it back in house.

Commissioner Locklear stated with \$18,512 per year to pay a company to do that work that can be done in house, she agreed that it needed to be brought back in.

Commissioner Jones confirmed by saying that it seemed like the way he was explaining that pie chart, everything extra we would get to bring us up to \$18,500, those extras are all included from the League, right.

Commissioner Tideman said not everything.

Mr. Graham said not everything.

Commissioner Jones said most of the though.

Mr. Graham said a lot of them are.

Commissioner Locklear said some of them are.

Commissioner Tiderman said the other things that they would have the ability to do is – they have more access to more companies to do the quotes for the group insurance and employee benefits instead of having to knock, well increase the deductible for our employees to keep the group insurance down. They have more access to more quotes. The other thing that they brought up, and she thought was an excellent idea, was doing a flex plan for medical expenses, and also for those who have childcare, that is pretax dollars, and for the people that save that pretax, that my mouth drops off there because we would not be paying that in FICA, Unemployment, and Workman's Comp costs.

Commissioner Carver said the only problem he saw with it was, in the meeting she gave a quote of \$176.20, and even if they came back and quoted \$18,500, since we are under no contract and no obligation that is just a quote, which can fluctuate at any point.

Commissioner Tiderman said their fee cannot go up. If we go the HR route, their fee cannot go up. That is a guaranteed fee.

Commissioner Locklear stated that the Board members are not working here in the office on a day-to-day basis, and Mr. Graham is. She felt like they as Commissioners needed to put their trust in him because he is working here, and she felt that they should honor what he said as far as him working here every day to try to make his job flow as easy as possible and as smooth as possible. She said she would go with what Mr. Graham felt was best for the Town of Ranlo.

Mayor Alexander said that he knew Tim had been invaluable, and he didn't want to put him on the spot, but asked if he would be kind enough to give his opinion.

Chief Anderson said that he and Mr. Graham had worked very closely with this and had tried every way that they knew how to make it work, and the last thing was today with the ORBIT reporting. They contacted ORBIT directly and he didn't know if they had a chance to brief Commissioner Tiderman on this.

Commissioner Tiderman said no, she had not heard any of it.

Chief Anderson said he had gone home and lay down for a couple hours after contacting them, and the way ORBIT is set up – our retirement system is, you can only do it one of two ways. If you manually key it in, which he had no idea of how that is done or it cross connects through your software, so if we do our retirement, if we outsource it, we would have to go in and start manually key everybody's' information to keep the retirement up to date on ORBIT; or if we go back in house, our software communicates with ORBIT and does all of that for us. The reason for my contacting ORBIT is because I needed to add Mr. Graham and Mr. Lucas on to the retirement system so Mr. Graham's would transfer over and the officer's would start from his hire date, and thus we discovered yet another issue that we didn't have an answer for. That's it.

Commissioner Tiderman said she thought the quote because Donna point blank said there would be no more than twenty (20) checks ever, and the very first payroll was more than twenty (20) checks. That was what she (Angie) quoted, and she (Commissioner Tiderman) said do we get a quote on twenty-five (25), and she (Donna) said never twenty-five (25) people. Well, you add all the commissioners on there that one time a month, that's twenty-five (25) people.

Commissioner Carver stated we did this as a cost-saving measure.

Commissioner Tiderman said she understood that and she was not fighting that part.

Commissioner Carver stated if the cost-saving measure is not beneficial, he did not see why we should keep it. He said he was just looking at it straight from a money standpoint.

Commissioner Tiderman said well that's the whole thing. You know, after she finished her presentation Monday, even Charles said, "Well, you know I wasn't hired to be an attorney full time; I've got two departments to run here." So that's a lot of the part she was looking at.

Commissioner Rhyne asked how much time does or would the clerk spend on these tasks, on payroll. How much time would the clerk spend on these say – per day or per week.

Mr. Graham said he would have to defer to Tim since he was here before I started, but from working with him and watching what he does, because the software package does most of it automatically what we're talking about the clerk doing is basically entering the time cards. Once that's entered, the software does the rest, so two hours per week.

Commissioner Rhyne said two hours a week.

Commissioner Tiderman said to remember now, they get errors there too.

Chief Anderson said that we would have hiccups, there is no disputing that. Just like with Mr. Graham's check today, they realized he was taxed for a double check.

Mr. Graham said they had paid him twice, they paid him twice his salary on the first check, and so he called and voided that even though he thought it was nice. (laughter) He voided the check and faxed it to them; they sent another one, which arrived today, and we just figured out that they left all the deductions the same as for the double check.

Chief Anderson stated so whichever way we go, we are always going to have hiccups.

Commissioner Tiderman said yes because even she got paid twice.

(Laughter)

Mr. Graham stated that Commissioner Tiderman had been there trying to help make it work. He said that he is always straight-forward, and he had told them he would be in the beginning and he always would be. Some of these HR functions might be beneficial for the Town. The extra

benefits package that she mentioned that they have is there, that we don't offer, like the flex plan, but when he considers the whole thing and the cost, and knowing that we have to have a clerk anyway, to him is just makes more sense to bring it back.

Mayor Alexander said we need to bring it in house.

Mr. Graham said that he doesn't mean to be a control freak, but he feels like if everything is done in this office, since it is such a small operation, he would have better oversight.

Commissioner Jones said that when there is a hiccup we know where to go to start correcting it.

Commissioner Tiderman said no we did not, she laughed.

Chief Anderson said they were not as familiar as someone trained on the software; they were training themselves as they go, there are still a couple issues that have to be identified. One being, Mrs. Tiderman is in the software twice, so that generated two (2) checks.

Commissioner Tiderman said that she did not put herself in.

Chief Anderson said the second one is that Commissioner Jones did not receive check, but it shows on our register that he was issued a check with a check number and he knew it had been mailed out.

Commissioner Jones asked if we had made sure it had not been cashed.

Commissioner Locklear confirmed again that it had not been cashed.

Chief Anderson said that any time something like that happened, it had to be voided through our software and through the bank and we will be doing that process. He did not want to go in our payroll and start doing anything in our payroll until the Board made this decision because you (Commissioner Jones) were paid out of the Town's payroll.

Commissioner Rhyne asked what about the yearly reports, W-2s and all of that. How time consuming is that and is that something that our system will do automatically.

Chief Anderson said that it took him about an hour to do all the W-2 forms for the employees for the state and the federal. He said he had done that the first week in January.

Mayor Alexander said that he found out that everything is here in house and it isn't as bad as they thought it was, and all the additional stuff the company was going to do we get it free from other places. Not everything, but about ninety-five percent of it.

Chief Anderson stated that he couldn't tell the Board that everything would be fool-proof. He said that would be a big mistake on his part. There is training errors. Having done this for the past couple of weeks, he could tell you what he had learned in the past couple weeks, but the reporting is all in the software; the monthly reporting, you can go ahead and click on your

monthly reporting and it will tell you what needs to be reported. Currently what we do on monthly now to the Treasury Department and State, ORBIT, plus we do our 401K monthly reporting. Your federal taxes are done weekly. We do a manual check on state taxes every week, but it is keyed into the system and all the forms that we fill out when I plugged that two-hour block, that includes entering the data, printing the checks, doing the federal tax deposit, doing the state deposit, plus doing garnishments for the employees who have garnishments such as child support or taxes that have not been paid in the past, but I can say there is going to be hiccups in anything that you do. Whether it is in payroll, or police, or public works, but it is a decent system and I think Mr. Graham – like he said he has reviewed it as much as anyone and has come to that conclusion – and he could not dispute it for the money that you would be going to spend versus doing it in house, you could hire a part-time person just to do payroll and spend the same amount as you would by outsourcing it. He said that he did not have all of the answers either. He said he would concur with Mr. Graham just based on what they've experienced in the last three weeks, even though he knew there would be hiccups going outsourcing in the beginning, but it's not one or two hiccups, it's every single week we've had a hiccup and to outsource it at \$18,000 a year, when he knew the Board wanted to be conservative, is just a lot of money.

Mayor Alexander said he knew he wanted to try this badly, and he really appreciated everyone helping. He said he really did, but after living this with them like he had, just keeping things in house because if we have a problem, all we have to do is call ICS and talk to them on the phone.

Commissioner Tiderman asked if we got billed for calling them.

Chief Anderson responded by saying yes.

Commissioner Tiderman asked at what rate were we billed.

Chief Anderson said that we get so many hours per month free, but he didn't know the exact amount. We pay that annually, just like the Police Department does. He asked Mr. Graham if he knew the hours.

Mr. Graham said he did not know the number of hours right off.

Commissioner Tiderman do we . . .

Chief Anderson said that he knew that for having the gentleman come in last week that would be quite expensive.

Commissioner Tiderman said oh yes.

Chief Anderson said that the billing for having someone trained on the software in the future would be excessive. He said that to his understanding, they sent Donna out to train when she was hired instead of bringing someone in house to train her. The training that went to Mae was (inaudible).

Commissioner Carver asked if anyone else had any questions.

Commissioner Rhyne asked how much we pay for our software system now; do we know how much we pay per year for it.

Chief Anderson said no ma'am, no without looking.

Commissioner Carver said we still have to do it.

Commissioner Rhyne said we still have to pay that right.

Chief Anderson said we don't pay for the software; we pay for the support fee every year. That's all you pay for. With that support fee any updates can be available for free, but yes you still pay an annual support fee. If memory serves me correct, I did payables and I recall one being in there and it was around \$3,000. Don't hold him to that; he can pull it and get an answer, if you'd like, tomorrow. He said he could pull it now actually, he had his key.

Commissioner Rhyne said she was just wondering if that was not going to be taken away or if we would still be paying the same amount, plus they would have to pay extra.

Chief Anderson said that would not change it would still have to be paid because that software is our Utility/Billing, General Ledger, it is everything connected together. It all communicates with one system, so when you update your payroll it goes into the G/L. It is all on the same system.

Commissioner Rhyne asked how often we got updates from them.

Chief Anderson said we actually updated the software this past year. He said he was under the impression that Donna had not updated her computer because she wanted to wait until the end of the audit, but they did go ahead and update the portion that needed to update, but ICS sold out to a company call Matthews and they didn't finish the entire update they decided to keep some of it, but most of it is on a Windows based program now as opposed to a DOS. There are a few portions on there that still run off of DOS so it is not all Windows based.

Commissioner Rhyne said so we just pay for updates however often they come in, once a quarter or once every six months or year.

Chief Anderson said that was the first update he knew of in the past six (6) years.

Commissioner Jones said that on a system like that, they don't update that often.

Commissioner Tideman asked what about the programming update, not the hardware update, those books they were looking at.

Chief Anderson said that we need all new books. One of the problems that he and Gail ran into was they were not helping. They would start off operating from the ICS manuals, then they were 7.0 editions, and then they realized they were not working off of 7.0, they were working off of 8.0, but they could only find two (2) books for the 8.0, so a lot of it was figuring it out. Reading

the book, and then trying to figure out what we could without a book, so we need to get in touch with the software provider and get up-to-date books on everything. That will stop service fees a lot of time itself. He said he was going through a book today or yesterday because he had already put Charles in there and he did all the splits in our system manually just by looking at the book. He didn't have to call ICS. So if we go back to payroll, when he gets his check next week, his name is in there, his retirement number is in there, all of his information is in there, his deductions; he has already put them in there, and then his splits where he get paid from water/sewer is in there he has already put all of those splits in there so when it generates that random sheet for you all to look at, his paycheck is already distributed through those funds.

Commissioner Jones said he would like to make a motion to follow Mr. Graham's advice and bring this back in house.

Commissioner Locklear seconded.

Mayor Alexander said he had a motion and a second to bring the systems back in house. He asked for all in favor to raise their hands. The vote was unanimous. He thanked everyone.

2. Adjournment

The mayor then asked for a motion to adjourn.

Commissioner Carver made the motion and Commissioner Tideman seconded and it passed unanimously.

The mayor thanked everybody for their patience because he thought this might help, but he knew he messed up.

ATTEST:

STEVEN ALEXANDER, MAYOR OF RANLO

BETH PRICE, BILLING CLERK AND RECORDER OF THE MINUTES OF THE REGULAR MEETING ON JANUARY 30, 2014