

FINANCE/ADMINISTRATION COMMITTEE MINUTES

January 21, 2015

Meeting called to order on January 21, 2015, at 3:00 p.m. in the Philomath City Council Chambers.

1. **ROLL CALL**

Present: Councilors Angie Baca, Jason Leonard, and Tamera Hull.

Staff: Chris Workman, City Manager; Joan Swanson, Finance Director; and Ruth Post, City Recorder.

2. **ELECTION OF CHAIR**

MOTION: Councilor Baca moved, Councilor Hull second, to elect Jason Leonard as Chair of the Finance/Administration Committee. Motion APPROVED 3-0.

3. **MINUTES APPROVAL**

3.1 October 29, 2014, Minutes

MOTION: Councilor Baca moved, Councilor Leonard second, to approve the minutes of October 29, 2014, as presented. Motion APPROVED 3-0.

4. **NEW BUSINESS**

4.1 Backflow Device Testing Enforcement – Ms. Swanson explained that an agenda item to discuss a fee for enforcement was being handled by the Public Works Committee instead of the Finance/Administration Committee. She explained the requirement for backflow devices to be tested annually and the need for a fee to turn water off on those customers who do not respond to the City's multiple requests for compliance. She stated that the Public Works Committee will review the water ordinance to propose amendments that will provide for enforcement fees like those charged for failure to pay water bills. There was additional discussion about the auto-pay options available to water customers. No action was requested for the Committee to consider.

4.2 COLA increases for non-represented staff – Ms. Swanson summarized the salary structures for the two unions that represent the majority of City staff. She explained the negotiation of these salary scales and the current 3-year contract with each of the unions. She noted that the current contracts were negotiated in 2014 and have two years remaining. She reviewed the part-time positions that are unrepresented and that the remainder of positions are management or confidential staff. She explained the 5% levels between steps and the approximate 15% gap between the top of the union scales and the bottom of the management scales that was developed to ensure an adequate separation between the two. She also explained the annual cost of living adjustment (COLA) that is negotiated in the contracts and is scheduled for 2% per year for the remainder of the current contracts. She noted that if the non-represented management group does not receive a similar COLA, it reduces the gap between the two groups.

Ms. Swanson explained the recent history of having the Finance/Administration Committee review and approve the COLA amount to be budgeted for the management group. Mr. Workman described the use of consumer price indexes (CPI's) to estimate the COLA amount during union negotiations. He explained that annual step increases are not automatic and can be impacted by performance. Mr. Workman explained that the City Council hires the City Manager to manage the budget, and it's his responsibility to ensure that salaries are being managed.

Councilor Leonard questioned how the budget absorbs the COLA increases. Ms. Swanson explained that it has been tight; but, ultimately, if the budget cannot sustain the increase, it would result in layoffs. She explained that it is unusual to reopen negotiations and attempt to change terms mid-contract. She also explained the effect of an employee at the top of the range at Step 5 resigning and being replaced by an employee at Step 1. There was a review of the number of employees in each department, and Ms. Swanson noted the reductions in staff that Public Works has made in recent years. Ms. Post pointed out the use of new technology such as the radio-read water meters to increase efficiencies and enable the Public Works Department to operate with less staff.

There was a brief discussion about property taxes and the effect of a flat tax base on the general fund budget. Ms. Swanson explained that negotiations include salary comparisons with like-sized communities, and not with a larger community such as Corvallis. There was discussion about the level of experience of our new hires, such as police officers, and the amount of training they require. Mr. Workman explained that the hope in hiring a new officer is that they will become attached to the community and stay long-term but there is no guarantee.

Councilor Hull stated her agreement with matching the COLA's negotiated in the union contracts with the non-represented management staff salaries. There was discussion about whether to make this action effective for just the upcoming budget year or for the remainder of the current union contracts.

MOTION: Councilor Hull moved, Councilor Leonard second, that the Finance/Administration Committee direct staff to match the COLA increase for non-represented staff per the current union contract in development of the budget. Motion APPROVED 3-0.

5. **ADJOURNMENT:**
Meeting adjourned at 4:00 p.m.

Recorded by: Ruth Post, City Recorder