

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47  
48  
49  
50  
51

**City of Philomath**  
**Finance & Administration Committee**  
**MINUTES**  
**March 24, 2020**

**1. ROLL CALL**

**1.1 Call to Order** – Chair Low called the meeting to order at 4:04 p.m. Due to the state of emergency because of the COVID-19 virus pandemic, members of the Committee attended by videoconference. The public was also provided with log-in instructions to listen to the meeting electronically. Staff attended from the City Hall Council Chambers, 980 Applegate Street, Philomath, and provided limited seating for the public in compliance with Oregon Governor Executive Order 20-12 and Oregon public meeting laws.

Present:

Chair David Low (via videoconference)  
Councilor Chas Jones (via videoconference)  
Councilor Matthew Lehman (via videoconference)

Staff:

City Manager Chris Workman  
Finance Director Joan Swanson  
City Recorder Ruth Post (via videoconference)

**2. APPROVAL OF MINUTES**

**2.1 Minutes of February 28, 2020**

**MOTION:** Councilor Lehman moved, Councilor Jones second, to approve the minutes of February 28, 2020, as presented. Motion APPROVED 3-0 (Yes: Jones, Lehman and Low; No: None).

**3. NEW BUSINESS**

**3.1 Labor Negotiations and Employee Salary Schedules** – Mr. Workman reviewed the Agenda Information Summary regarding negotiations with the two City employee unions, beginning with the role of the City Council in setting policy. He reviewed the salary and benefits comparisons for all employee positions that Ms. Swanson compiled and the comparison charts included in Exhibit A of the meeting packet.

Mr. Workman reviewed the specific issues in the schedules that management sought to remedy during the union negotiation process earlier this year, including the salary schedules themselves that have been in place for twenty years and the need for spacing between management and non-management positions. He described how the space between staff pay grades had narrowed down over time. He explained challenges in recruiting police officers in recent years, resulting in changes to the police schedules during negotiations for the last contract three years ago. Mr. Workman explained only the Police Unit schedule was modified at the last union negotiations, amid the implementation of the General Fund Fee and tight revenue constraints.

Mr. Workman reviewed the implementation of schedule steps in the practical sense. There was discussion about the negotiation process, including the introductory negotiation requests from the unions and the response from the management bargaining

1 team. Councilor Jones clarified that the Council did give the bargaining team guidance of  
2 a salary target range for the City's employees. Ms. Swanson explained the different  
3 types of employment opportunities available at larger local cities, compared to the  
4 comparable cities that staff had presented when requesting policy direction from the  
5 Council in late 2019.

6  
7 Ms. Swanson further described the negotiation process. Chair Low questioned if it was  
8 possible to identify the percentage of monetary savings that came out of the  
9 negotiations. Ms. Swanson and Mr. Workman explained that not all of the requests from  
10 the union have a monetary value but most of the negotiations ultimately end up being  
11 about salary.

12  
13 Mr. Workman described the development of the proposed salary schedules and the  
14 benefit to the City of the incremental changes to salaries being spread over multiple  
15 budget years. He also described the incentive available to employees to receive a step  
16 increase. He explained the proposed new steps generally being 3% for each step, with  
17 the exceptions of the Finance/Court staff and Police Assistant adjustments.

18  
19 He described the proposals for the Sergeant and Public Works Supervisor positions and  
20 the Department Heads and City Manager positions to re-establish the separation  
21 between positions. Ms. Swanson clarified that the proposal put all of the positions in the  
22 target range established by the Council.

23  
24 Mr. Workman also described the adjustment of combining all of the three Department  
25 Heads into a single salary grade.

26  
27 Mr. Workman reviewed the proposals for the Police Unit and General Unit as of July 1,  
28 2020, with the addition of the proposed steps. He also reviewed the Non-represented  
29 Employee schedule.

30  
31 Councilor Lehman questioned if any staff additions are anticipated due to expected  
32 growth. Mr. Workman stated he didn't believe that would be necessary during the course  
33 of this three-year contract. He explained the coverage capacity with the Police  
34 Department and some of the outsourcing that the Public Works Department does. He  
35 noted the outcomes of increased revenues from utility fees and property taxes that  
36 would ultimately pay for any necessary increased staff beyond this contract period.

37  
38 Mr. Workman explained that the compensation is for employees who are already  
39 performing at a high level. There was discussion about impacts on PERS expenses. Ms.  
40 Swanson reviewed the impact of the PERS side account resulting in a decrease in  
41 PERS expenses in the budget even with the salary adjustments.

42  
43 There was discussion about the accepted offers with the unions and the potential  
44 outcomes of attempting to go back to the bargaining table. Ms. Swanson reviewed the  
45 role of the Council in the negotiations and the purpose of the earlier consultation with the  
46 Council to receive direction prior to negotiations.

47  
48 Councilor Lehman questioned the impact of State legislative changes to the PERS  
49 employee portion. Ms. Swanson reviewed the history of the employee portion and the  
50 effect of the July 1, 2020, legislative changes. She described how the employee portion  
51 will be allocated under the new legislation. Ms. Swanson explained the cost savings to

1 the City to pay the employee's PERS contribution instead of paying it in salary to the  
2 employee when the additional tax payment implications are factored in.

3  
4 Mr. Workman reviewed the Cost of Living Adjustment (COLA) proposal in the negotiated  
5 contracts. He explained the practice of applying the same COLA to both unions and non-  
6 management employees and the effect on the proposed schedules. He noted that the  
7 schedules were developed with the expectation of the proposed COLA being factored in  
8 to reach the target established by the Council. Ms. Swanson further described the  
9 negotiation process.

10  
11 Councilor Jones recommend negotiating a COLA that is based on the actual Consumer  
12 Price Index (CPI) instead of estimating. Mr. Workman agreed that the direction on the  
13 use of the CPI would be a fair process to consider in the next contract negotiation. He  
14 discussed the competition for employees, but the revenue has to exist to pay the  
15 salaries; and if it doesn't, any comparison target is irrelevant. Councilor Jones described  
16 being trapped into the decisions presented and suggested having Corvallis salaries  
17 presented for review.

18  
19 Ms. Swanson reviewed the impact of the Supreme Court Janus decision on the  
20 contracts and the differences between the needs of the Public Works employees and  
21 Accounting/Finance staff positions. She explained that the Accounting/Finance staff  
22 requested to leave the union as a result, and were consequently added to the Non-  
23 represented Employee schedule. Mr. Workman explained the recommendation of adding  
24 the non-represented staff to the positions eligible for longevity pay after ten years of  
25 employment. Ms. Swanson reviewed the longevity policy history and reasons for not  
26 including longevity in the union contracts versus the types of positions in the Non-  
27 represented Employee schedule. There was further discussion about cities that offer  
28 longevity.

29  
30 Mr. Workman reviewed the benefits comparison that was performed with 14 other  
31 comparable cities, including health and dental insurance. He noted that Philomath is in  
32 the middle of the comparable cities for total city contribution towards health and dental  
33 insurance coverage. There was discussion about the City not providing a vision  
34 insurance option. In reviewing the comparison of paid holidays, Mr. Workman noted that  
35 Philomath does not offer a personal day, but holidays are not a typical area of contention  
36 in negotiations.

37  
38 Mr. Workman noted that all of the cities that responded on the comparable list are  
39 paying the the City and employee portions of PERS.

40  
41 Mr. Workman described the effect of the COVID-19 pandemic on the community but  
42 noted that the union contracts were negotiated prior to the outbreak of the pandemic. He  
43 reviewed the process that was used in reaching the proposals that were being presented  
44 and thanked Ms. Swanson for an excellent job in completing the thorough salary and  
45 benefits survey in-house at a substantial savings to the City. He reviewed the pros and  
46 cons of the proposal as listed in the Agenda Information Summary.

47  
48 Mr. Workman reviewed the Committee's options. There was discussion about the  
49 potential impact of the pandemic on the CPI. There was discussion about what  
50 constituted a substantial reason to request renegotiation of the contracts. There was  
51 discussion about whether perception constituted a substantial reason to renegotiate.

1 Councilor Jones stated he did not like hearing that the increase could be afforded and  
2 had concerns about the 3% COLA. Councilor Lehman noted that he agreed that having  
3 the actual COLA being tied to the CPI would be better but it could actually be higher than  
4 the 3%. Ms. Swanson reviewed the expectations going into the union negotiations and  
5 Mr. Workman noted the differences in the City's position from three years ago.  
6

7 Councilor Jones stated concerns about all of the levers added into the formula that  
8 obscure the ultimate cost. Ms. Swanson noted that the budget is detailed to ensure that  
9 there is full transparency. Mr. Workman described some of the differences between the  
10 transparency of public sector salaries and the private sector.  
11

12 Councilor Lehman questioned the impact of the stock market slide on PERS returns. Ms.  
13 Swanson explained that PERS looks out over an extended period and rates are reset  
14 every two years.  
15

16 Chair Low described the need to establish the proposed salary structure and that it will  
17 need to be explained to the public but is justifiable. He recommended going forward with  
18 the proposal as prepared.  
19

20 Mr. Workman summarized the proposed Police Unit contract language clarifications and  
21 special assignment pay for specific assignments that require additional training based on  
22 the needs of the department. There was discussion about the impact on retention and all  
23 officer positions.  
24

25 There was discussion about the step differences between the two contracts. Mr.  
26 Workman described the spread of the proposed police contract over subsequent years  
27 due to officers who are currently at the lower step levels.  
28

29 Ms. Swanson provided budget impacts if the proposed schedules are approved being  
30 \$72,000 in the General Fund and \$35,000 allocated over the Public Works funds. Mr.  
31 Workman reviewed the Council responsibilities in setting the policy and schedules and  
32 the Budget Committee's role in determining the amount of money to be spent in each  
33 budget.  
34

35 Mr. Workman described the vetting that the proposal has been through. Councilor Jones  
36 stated he believes the contracts should be renegotiated to establish the COLA equaling  
37 the CPI. Chair Low disagreed and felt that the negotiations that have been performed  
38 were the best they could be at that time. There were concerns about the impact of the  
39 COVID-19 virus.  
40

41 Ms. Swanson described the impacts of using the CPI from the prior year and a  
42 preference to look forward.  
43

44 Mr. Workman described potential impact of renegotiations and the potential of coming  
45 out with a less desirable result. He described the actual CPI results compared to the  
46 prior three-year contracts that were in the City's favor. He described the uncertainties  
47 that exist in the coming months post-virus. Ms. Swanson noted that renegotiations would  
48 start at the beginning again with everything on the table.  
49

1 Councilor Jones recommended that an additional check-in with the Committee be  
2 implemented prior to reaching contract agreements in the future. Councilor Lehman  
3 agreed. Councilor Low described reservations for that recommendation.  
4

5 Councilor Jones described the philosophical needs to have another conversation before  
6 reaching this point in negotiations. Councilor Lehman agreed with the benefits of a mid-  
7 negotiation update. Mr. Workman reviewed the pre-negotiation concerns that were  
8 presented to the Council. He suggested being more specific during that pre-negotiation  
9 executive session, and he is now hearing about concerns that weren't identified by the  
10 Council. He noted that a more thorough conversation could be held three years down  
11 the road.  
12

13 Councilor Jones stated that he didn't think the outcome would be to the City's benefit if  
14 negotiations were reopened at this point in the process. Chair Low stated respect for  
15 Councilor Jones' position as stated and agreed that the Executive Session didn't contain  
16 the level of details that would have created the type of questions that would address  
17 some of these concerns. He stated those suggestions should be incorporated into future  
18 discussions.  
19

20 Ms. Swanson stated that staff should be trusted to have the expertise to negotiate the  
21 contracts and the pre-negotiation discussion with the Council was to establish where the  
22 City staff should fall compared to comparable cities. She explained that the expectation  
23 of the City's bargaining team in negotiations is to be fair but not overly generous; and in  
24 the end, you hope to reach a fair contract. She described the outcomes should the  
25 impact of the virus have long-lasting effects.  
26

27 Councilor Lehman described the pressure he felt to make a decision because of the lack  
28 of time to thoroughly review the materials. Mr. Workman described the higher  
29 engagement level of the current Council and their desire to understand the process  
30 better. He explained the need to roll the information into the budget but there was still  
31 time to schedule a subsequent meeting. He stated understanding of the Committee's  
32 concerns and need for a certain comfort level in making decisions.  
33

34 Ms. Swanson agreed that the Committee hasn't had an opportunity to review the  
35 material in-depth and that the Committee could take that time and schedule a  
36 subsequent meeting. Chair Low suggested holding another meeting to continue the  
37 decision process and take up the social service funding program issue.  
38

39 There was discussion about whether additional time to review the materials would have  
40 an impact on final decisions. Mr. Workman described the continual effort to adapt and  
41 change and provide more information. He apologized for the delay in providing the  
42 information, noting that the Police Union had only just accepted the negotiated contract  
43 shortly before the beginning of the meeting.  
44

45 **MOTION:** Councilor Jones moved, Councilor Lehman second, to approve the three year  
46 labor contract with Oregon AFSCME Council 75 representing City of Philomath General  
47 Unit for the period beginning May 1, 2020 through April 30, 2023, incorporating those  
48 requests made by the unit during formal contract negotiations, and recommend it to the  
49 City Council for approval. Motion APPROVED 3-0 (Yes: Jones, Lehman and Low; No:  
50 None).  
51

1 **MOTION:** Councilor Jones moved, Councilor Lehman second, to approve the three year  
2 labor contract with the Police Unit, representing City of Philomath police employees for  
3 the period beginning May 1, 2020 through April 23, 2023, incorporating those requests  
4 made by the unit during formal contract negotiations, and recommend it to the City  
5 Council for approval. Motion APPROVED 3-0 (Yes: Jones, Lehman and Low; No: None).  
6

7 **MOTION:** Councilor Lehman moved, Councilor Low second, to approve the Salary  
8 Schedule for Unrepresented and Management Positions effective July 1, 2020, including  
9 a cost of living adjustment of 3% for the 2020-2021 fiscal year, and recommend it to the  
10 City Council for approval. I further move that the position of Finance/Court Staff be  
11 added to the list of positions eligible for longevity pay. Motion APPROVED 3-0 (Yes:  
12 Jones, Lehman and Low; No: None).  
13

14 **3.2 Social Service Agency Funding Program Discussion** – Ms. Swanson  
15 reviewed the current social service agency funding program process, including a  
16 meeting in April where the agencies made in-person presentations to the Committee.  
17 Due to the current emergency situation, she proposed instructing the agencies to submit  
18 their requests, having staff compile them and having the Council make the allocation  
19 decisions in July. Councilor Lehman noted a possible conflict of interest due to his wife’s  
20 employment by one of the agencies. Mr. Workman offered to review that with the City  
21 Attorney. There was discussion about the submission requirements and the timing of the  
22 meeting to hear the proposals.  
23

24 There was discussion about other potential agencies that serve Philomath citizens who  
25 could submit requests. Ms. Swanson requested that the names of any other eligible  
26 organizations be submitted to her. Ms. Swanson reviewed the Council policy to allocate  
27 35% of state revenue sharing dollars to contribute to local social service agencies that  
28 provide services to City residents.  
29

30 It was agreed by consensus to proceed as proposed by Ms. Swanson.  
31

32 **4. ADJOURNMENT**

33 **4.1 Adjournment** – Seeing no further business, Chair Low adjourned the meeting at  
34 7:04 p.m.  
35

36 Minutes recorded by Ruth Post, MMC, City Recorder