CITY OF BURTON
COUNCIL OF THE WHOLE WORKSHOP MINUTES
SEPTEMBER 19, 2011 AT 6:00 P.M., COUNCIL CHAMBERS
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The Meeting was called to order by President Steven Heffner at 6:10 p.m.

MEMBERS PRESENT: Heffner, O'Keefe, Wells, Ellenburg, Haskins, Martinbianco and Smith.
MEMBERS ABSENT: None.
OTHERS PRESENT: Mayor P. Zelenko, S. Bassi, Assessor and J. Adams, City Clerk.

PURPOSE OF THE MEETING: Discussion and review of Ordinance 30.03, formerly Ordinance 68-C.

PRESENTATION:

Mrs. Ellenburg said one of the issues Mr. Martinbianco and her pondered was on Pg. 76 of the Ordinance, Section 4, stating the Police Chief, Fire Chief and City Clerk will not have health care benefits upon retirement. New appointees filling these vacancies will receive 6.5% wage reduction in order to receive these health care benefits. I feel this is affecting one individual because the rest of them all have health care because of their spouse. It is kind of discrimination and I would like to have more discussion on that.

Mr. Martinbianco said we looked at a number of the issues relative to 30.03. Section 4, Sub-Section G talks about 3 distinct positions. The Police Chief, Fire Chief and the then City Clerk had different health care benefits upon retirement. As such, chose to not accept that in exchange for wage increases at that point in time. For new appointees filling these vacancies, the calculation resulted in a 6.5% wage reduction considered at that time to be the equitable amount. Since that point in time, there have been changes in staffing situations at City Hall, which included the consolidation of some positions including those within the offices of the City Clerk. They have also affected the Police and Fire Departments as well. The City Clerk's office chose as other departments as well, not to have a deputy administrator in that position. As a result, discussions with the Mayor, the City Clerk, was one of those positions where the Deputy was not being an affordable position and was eliminated. The transition resulted in two things, the City Clerk received a wage roll-up to reflect the increased workload. They are at-large appointees and in the event that new administration comes in, they would certainly be subject to elimination themselves if somebody else were to come along.

Mr. Martinbianco stated further, Mrs. Ellenburg and I talked about what would be an equitable relationship with respect to the City Clerk position. We talked about there is an increase in the work load for the Office of the City Clerk and that was compensated for in terms of an increase in pay. If you look at a memo that was drafted from August 9th of this year, it talked about the current rate of the City Clerk being that of the rolled up rate, it was almost just shy of $600.00 less than what the maximum rate would have been provided for. A couple ways you can handle it, if you looked at 6.5% on $60,000, you are looking at $4,000 a year, which represents that wage reduction if that were the case.

Mr. Martinbianco said you could make the argument if you wanted to set the salary at $58,000 and eliminate that sub section, that would be an equitable thing to do on both parts, protecting the City from future discussions with other employment units as we go into bargaining sessions next year, which will continue to reinforce the fact that retiree health care benefits have to be paid for by those individuals in those respective bargaining groups. It is interesting to note that the Teamsters that represent the other administrative employee group, paid a ½ % the past fiscal year and will pay another ½% this current fiscal year of their base wage towards retiree health care costs. It was one of those things we have to be very careful about and this will require a little more discussion about that. In a sense of fairness, taking a $4,000 benefit and almost splitting it in half, given the fact the former Deputy position was paying almost $40,000 a year plus overtime. The new and improved City Clerk position without a Deputy was increased to $60,000, which is still $600.00 less than what would be the max which would be allowed by the Ordinance. That is one of the things we are still struggling with, and we are going to still continue to look at that.

If it were up to me, I would say I am going to pay all the Charter appointed positions a dollar, and then establish work agreements. We had an employment agreement in place with the former Assessor that superceded anything else other than the fringe benefit package. If you had to do that, you could come to an agreement for each of those individuals, whoever they were chosen to be, and be able to come up with the equitable salary arrangement. We went to great lengths to extract a lot of information from other municipalities to talk about the highs and lows of what those positions should pay, and you could end up with a sub section of work agreements, not unlike the work agreement we have with our own City Attorney and that developed what his rate of pay is. This is just another idea and another way to look at it. It has never been done before but we are not about not taking care of things like that, and not being able to be equitable and protecting the future bargaining interests of the City, which I think is most important at this point in time.

Mr. O’Keefe said when I first read this, I was surprised thinking this was almost written for a person versus a position. The proposal has some merit. He asked Mr. Martinbianco, you would put all the administrators in there as that versus individuals?

Mr. Martinbianco acknowledged yes. You want to structure the rate of pay for the job description and understand the work load they are under, they are at-will employees, their work load is subject to change, and that could be impacted by a couple of different scenarios. Mr. Martinbianco stated this would need more discussion.

Mr. Martinbianco stated on Page 75 it talks about the hospitalization insurance and the participatory levels. One of the things done was to increase the co-pay amount. That assisted in being able for us to secure a more competitive rate and hospitalization coverage. It was passed and signed into law by the Governor the bill that talks about what the municipalities can and can’t exceed when it comes to employer provider health care cost. There are a couple of scenarios, one that would provide for up to 20% mandatory co-pay. Another is a hard cap, which has been established in number by State Law. The third one is to opt out of both of the other scenarios with the understanding that your community is in strong financial background and would not require that semi-participation.

Mr. Martinbianco stated further, as those set of rules that govern that legislation become clearer, we will be able to figure out how that might impact in respect to Ordinance 30.03 but also future hospitalization costs and the apportionment with somebody paying part of the freight besides us. We talked back in January with Plante & Moran. They talked about legacy costs, post-employment benefits and recurring costs with active administrators and employees particularly with hospitalization insurance. If Obama care is adopted as it is currently written, what other regulations from the Federal Government will be put on us with respect to individuals ability to obtain insurance through us, and the likelihood that they will.

Mr. Martinbianco said on Page 76, under disability insurance, this was one of the driving reasons to bring this entire issue to the forefront at this point in time. We had some discussions about now that we have insurance package that takes care of disabilities, we kicked around to just make it two thirds of a regular salary. I think the more prudent approach the Legislative Chairman and myself agreed the administrators defined above at least for the first 30 days should receive 100% of salary and benefits, after which point in time, our expectation the insurance package will kick in and then provide two thirds of the administrators regular salary. Under Number 4 they call it the administrator, and changing the language in the construction of the thing, you would say all administrators eligible under this ordinance shall receive the first 30 days at 100% payment of salary and benefits, thereafter the benefits shall be two thirds of the administrators, plural, regular salary. It is a language issue. I don't know how it got put the way it did. It was a little bit confusing and a little centrist. That is under G. 4.

Mr. Smith said he heard the cost of insurance is between $600 and $1,000 a year.
Mr. Martinbianco replied that is correct.

Mr. Martinbianco said the next issue that came up had to do with all new administrators, Page 76, pension benefits. It talks about administrative employees that come in who elected to remain in a defined contribution plan, shall receive a pension benefit equal to the amount calculated for a MERS participant. So you have 2 different plans. You have somebody in a defined contribution plan and someone in a MERS plan. A MERS plan has an exclusive calculation that says given whatever that plan constitutes, the age, years of service combination, what their final average compensation is, and then that formula rolls up and tells you exactly what those MERS costs are. That creates a number and will create a percentage. That is what the City's contribution for that MERS participant is. What they are saying here is, if that turns out to be 27, 29, 32%, anybody that is in a defined contribution program would end up getting whatever that equitable percentage is applied against whatever their wage is, and that becomes their participation, the City would be responsible for to their defined contribution plan. That is going to need further work. I would say way back in the day it was 15%, they did try to clear it up and say no new administrators hired after July 1, 2006 shall be enrolled into a MERS defined contribution plan with a 15% contribution from the City.

Mr. Martinbianco stated this is an attempt made and a good one I think and well defined to indicate that the contribution would be cut to 15% and capped at that level for all new administrators. That talks about everybody that would be hired under this term, and it is also consistent with the language in the Teamsters contract that is currently in place, which administers to the balance of the administrative service. I don't know if we can change A, however if B is in place and that is exactly what has happened, it is a good start and tells us what we have been doing for the last 5 years is consistent with what our belief and how we are going to be able to put a handle on legacy costs in the future and also serve as a template for future bargaining with all the bargaining units of the City and give us an opportunity to discuss with them in greater length exactly what other things they can do collectively and creatively to help us terminate some of those long term responsibilities that are really dogging most communities, and not just Burton alone.

Mr. Martinbianco said we can do some spreadsheet analysis at our next workshop and have those available so some of these implementations can tell you in dollars and cents what they will mean in terms of what we already saved. Everything after July 1, 2006, we can do a spreadsheet of what we saved, and in the future what we can potentially save. Under 7, vacation leave, one of the questions that has been raised, in G it says new administrative officers hired after the adoption of this section on March 7, 2004, shall receive a maximum of 15 vacation days to be taken within the calendar year with no monetary value. Then it goes on to say add sub-section schedule this will not apply to new administrative officers. First it says one thing, then it says even though you do have new administrative officers, it doesn't apply to them. I don't know what they are trying to say.

Mr. Haskins said it looks like they are saying 7 is null and void to all new administrators. All new administrators after this date will only get 15 vacation days no matter how long you have been here, 15 is the flat rate.

Mr. Martinbianco said you are suggesting that any new administrative officers hired after the adoption of this section, shall receive a maximum of 15 vacation days to be taken in the calendar year with no monetary value. Either take them or use them or lose them.

Mr. Haskins said administrators are salary, so they take days off, vacation days, and they are not really worth any monetary value anyway. It is not like a labor employee where they say you have 40 hours of vacation time to use, you take it and get paid for it. Administrators are salary. So it isn't like you take the day off of work and you don't get paid for it. That is probably why they are saying the 15 days max with no monetary value.

Mr. O'Keefe said I think it can be clarified if you just put in there schedule 7 does not apply but make reference through A through F, that is actually the schedule and then the G part is a new part of 7. I agree with Councilman Haskins, that is how I read it. After 2004 you are hired, then A, B, C, D, E, F does not apply to you. You get a flat 15 days within the calendar year. It needs the letter of 7 in there also, in my opinion.

Mr. Martinbianco clarified, anybody hired after March 7, 2004, it is 15 days period, take it, no monetary value. He believes the Teamsters contract is consistent to what that contract says.

Mr. O'Keefe said it isn't written very clearly.

Mr. Martinbianco agreed. He said he doesn't know if there is potential within the scope of the document to change that. An x-amount of more working days and maybe do a bi-cameral split and say 1 to 6 years and increase that maybe to 18 or 19 working days. I don't know if there is any drive to increase the vacation time for the administrators or not. You are getting into a case where you have some people that have been around for a while that maybe take advantage of having 28 working days because they have been around for 12-19 years. Yet on a level playing field, equally appointed Charter employee who irrespective of the fact they have been here only 1, 2 or 4 years, they are going to be prescribed down to 15 days and that is all it is going to be. Not that there is not enough of a lot of other time off in terms of days, but everyone takes advantage of those holidays. That is only fair as well. I don't know if there is any interest increasing that, maybe as part of a change in the compensation for vacation leave in any event, consolidating some of these things that talked about people hired after adoption of this section March 7, 2004. That is another thing that probably needs to be addressed and looked at.

Mrs. Ellenburg said to add more days. Mr. Martinbianco replied potentially.

Mr. Wells asked how many total days they get off at the City right now.

Mr. Martinbianco said it states Memorial Day, Independence Day, Labor Day, Thanksgiving, the day after Thanksgiving, Christmas Eve, Christmas Day, New Year's Eve, New Year's Day, 2 floater days, in addition to the 15 days. If you just looked at those days, it is 26 days. The bulk of what else is delineated on Page 78, except for the floater days, speaks around to where the holidays are at.

Mr. Martinbianco asked if the week between Christmas and New Year's that we typically take off, are you required to use your vacation time for those 5 days.

Ms. Bassi said normally she is here, but if she is off, she is required to take vacation days.

Mr. Wells asked if there is also 10 paid sick and personal days.

Mr. Martinbianco replied yes.

Mr. Wells said that is up to 21 plus the 15. He feels that is a lot and with the workload being what it is, that is a lot of time off especially for a supervisor or administrator. If you look at the way this is laid out, they are at-will and they will be here at 4 year chunks at the minimum. He doesn't know how many will actually get up to the 20-25 years. He doubts if that will ever happen again. At this time we can cut that down to the 15 working days and the 10 personal and sick days without stepping on anybody's toes. They are pretty new employees here after 2004.

Mr. Wells stated further, if we continue with this pace with all the lay-offs that we have, we are going to have a hard time running the City. That is one of the decisions we are going to have to make, unless we want to start bringing temps in at different times of the year. The one singular thing that I have is you can be off 52 weeks. That has to change; we can't live with that. If they are off 30 days, I am fine with that. We pay them for 30 days and then they are going to have to get picked up by a second insurance company like an AFLAC. He would make it the same as the laborers get out back. There has to be some impetus for people to come to work. If you say you can be sick for 52 weeks and we will mail your checks to Hawaii for 51 weeks and when you come back, we will start all over again. That just floors me.

Mr. Martinbianco said he agrees and that is something we got behind on with the similar circumstance we are going through right now. Hopefully with the purchase of this disability package we have elected to entertain, it will eliminate that portion of it, clean up the language in here. Not that a lot of the administrators would take advantage of this particular thing, it is more prevalent when you get down to the laborers and some of their supervisors and maybe some of the other administrators that are around as well. That language is consistent with what they talk about. I agree something has to be done to address that issue. We can't go backward $120,000-$130,000 a year with no work product to be shown for it. In our state of affairs right now, it becomes critical.

Mr. Wells said now that we have breached that, Mr. Becker was off a certain time period but then he passed away. Diane was off for a certain time period and then she came back. But now that we actually had a couple of people off and really gone over the 52 weeks, our other employees have seen it. In their mind, I know I would, lets see how this works out. What are they going to do about this and it seems to have worked out well for at least a couple of people. I am not saying they are not ill or anything else. There has to be something in there that the City can stop gap that says you are going to have to see one of our doctors once a month. You are going to have to bring in some kind of paperwork that says what you are sick of. I am sick of work or I have a real illness here. There has to be something from the other side to condone having any time off.

Mr. Haskins said what incentive would they have to make it back to work in 52 weeks at 100% regardless of the City is not really fronting the cost on insurance or not. Would the insurance cost be cheaper if they were only eligible for 60% of their pay instead of versus 100%. That way the City isn't ill-advised to their illness but on the same back side of it, it gives them the incentive to return back to work because they are not making 100%. He has seen numerous union contracts to where sick leave pay is anywhere from the 55 to 65 range.

Mr. Martinbianco said substantially less than the two-thirds that have been talked about.

Mr. Haskins replied or even the first year at 100. They are only getting 60% of their benefit and it gives them an incentive to get back to work.

Mr. Martinbianco said when we talked about two-thirds all the way through and then said in lieu of that we can understand if it is going to be a short term issue for the first 30 days we are going to get reimbursed under the policy that is in place now. We are going to get reimbursed for two-thirds of that so we are going to be out a third of whatever that pay is and if it goes beyond that level, they are only going to get reimbursed for two-thirds of it but that will be 100% paid by the underwriter.

Mr. Wells said Mrs. Tinnin alluded to this in the earlier meeting that we need language if these people are off, we have the authority to hire someone to take that spot at a reduced rate or at least shop around till they come back from work. That is the double-sided ax, we are paying someone to do nothing and we have no one set up to do their job.

Mrs. Ellenburg said we could have done that but the insurance just took affect so it is not really working on the ones that are out right now. Now, we would be able to do that because we are not paying out 100% of the pay. The insurance would be paying two-thirds of their pay so we would have the money to replace that position because the insurance would be paying that check instead of the City. I think that is why this is a good thing to have in place, because that isn't a union position, it is one of the Charter.

Mr. Wells said it has to be worded somehow that we are not going to be held liable if the person comes back to work. They have to understand it is a temporary position. I don't know how we get out of being liable for maybe any unemployment compensation that may be required.

Mr. Martinbianco said unless you hire them on a contract basis. It is one of the issues we have at hand right now. I think a lot of us was under the false assumption that somebody was a contract employee that ended up not falling under that same guise and ended up on regular employment status which didn't help our issue at all. Now consequently, we are hamstrung with the situation you have at hand. I think it has a lot of merit and I understand your concern. I think it could be handled with a strictly contract approach for filling in those vacancies. That might not be a bad thing for language to be inserted within the scope of the ordinance to provide for that management right from the City's standpoint and protect them saying in the event such a thing should happen after 30 days, the City reserves the right to contract for that job specific only, which would fall within job description as provided for by the Mayor subject to Council approval.

Mr. O'Keefe said it is pretty common in disability personnel handbooks on getting the replacement and having a policy with regard to bringing that person back. I don't see anything so two years from now somebody says I want to be the chief bottle washer, what do you do then? My former employer had a specific time where the person could come back and get their job back, after that it went to a scenario if there was that job or a like job available. So they weren't just automatically brought back. At some point in time, you are going to have to hire somebody and 2 years from now if that person wants to come back, you have a problem. It is normally worded that position, a like position if available. If it is not available, they don't have a job. The City must march on. Not to be cold and heartless about this, it is costing the City a lot of money right now the way this is being done and it is not good. Mr. O'Keefe stated further, if we are talking to the insurance companies, he has seen the underwriting of the disability insurance; they do a 1-2 step.

Mr. O'Keefe stated further, there are 2 different policies, one for short-term normally going up to 60 days, then the long term. I think that is done for a cost savings of buying that insurance. Maybe Mr. Martinbianco and Mrs. Ellenburg can look at that part too and approach it in a 1-2 step. I think we need to write something in there about contract employees so the City can continue functioning. There is going to have to be some type of lid put on this thing that the person has x number of weeks, months to come back to claim their position. After that they would claim a like position if available because 2 to 3 years someone could come back and want a job.

Mr. Wells said Mr. O'Keefe is right, we are not re-inventing the wheel. There is a product out there right now, we just need to pick the product. What worries me more than anything is how quickly we can put something together so we don't fall into this grand fathering thing a month from now, 6 weeks from now or 2 months from now, someone says I am going to go out and use this same policy. We can't afford this. If a couple of people decided to do this, the City would be in a deep hole. We need our Attorney to put a moratorium on this or a stop on this until we can find some way to re-compensate the ones it involves right now without letting it go too far. Literally, tomorrow we could have a couple of people come in and say I am sick, I am on my way out.

Mr. Martinbianco asked the Mayor to explain the policy she was able to obtain relative to this issue.

Mayor Zelenko said she called Larry Lounds and Bonnie and we changed the effective date when the two-thirds kicks in. Instead of waiting for a whole year, it kicks in on the 31st day. Even though our contracts and ordinance still say administrators will get 100% of their pay for a year, we are still fronting the 100% of their pay for a year. If someone went out tomorrow we still have to front their 100% pay but on the 31st day, the insurance company reimburses us two-thirds of their salary. From that point on we are only paying them one-third and the insurance company is paying them the other two-thirds. That is effective right now. We didn't break a contract or change an ordinance, we just changed the effective date on the disability when it kicks in, when the insurance takes over. It saves the City money this way, but there is still no incentive to come back to work. That is where I think you need to change the ordinance and we will negotiate the contract, attempt to negotiate the Teamster contract to reflect the same.

Mrs. Ellenburg spoke regarding doing another workshop where we can discuss more things. We are making notes of things that need to be changed. She questioned Council about doing another Meeting of the Whole.

Mr. Wells indicated it is very beneficial and we need to do this or we won't be a viable entity in the City of Burton.

Mrs. Ellenburg stated the next Committee of the Whole Workshop would meet on October 17th at 6:00 p.m.

Mr. Wells suggested bringing Larry Lounds in or someone that has knowledge of these different products to give us some ideas of what we are looking at.

Mr. Martinbianco said he could advise us as to what other municipalities are doing.

Mayor Zelenko said she would contact Mr. Lounds to see if he can be at the October 17^{th} meeting.

Meeting adjourned at 6:50 p.m.

Julie Adams, City Clerk