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MINUTES LYONS CITY COUNCIL SPECIAL MEETING MAY 26, 2011

OPEN MEETING 5:10 P.M.

The Lyons City Council Meeting was called to order by Mayor Doug Morgan. Present were City Councilors Mike Lucas, Troy Donohue and Dan Burroughs. Councilor Lon Conner was excused. City Staff in attendance were City Manager Mary Mitchell and Assistant City Manager Audrey McNerney.

Mayor Morgan inquired as to whether there were any declarations of conflict of interest or ex-parte contact regarding the agenda items. There being none, the meeting continued.

PERS Qualifications. Morgan stated that this is a difficult decision regarding the City's ability to retain both public works employees presently on staff if the City is required to pay the PERS benefit for each of them. Mitchell stated that because of the recent PERS increase it is difficult to determine exactly what the ongoing costs will be to pay for PERS for these employees. A decision has to be made since the matter has been brought to the City's attention. Donohue asked if the City is required to supply health insurance or just provide it. He said that in the State of Oregon it is required that an employer must provide health insurance but is not required to pay for it. Mitchell explained that all employees must be treated equally. The City not only provides health benefits for full time employees, it also provides sick leave and vacation and holiday pay which are quite costly. PERS is not the most expensive benefit. The cost of health insurance continues to increase and is very expensive. Mitchell said that the City does not cover dependents or spouses. If an employee wants dependent coverage it is at their own expense. She also explained that the City participates in an insurance pool with other counties and governmental agencies which makes it less costly than if the City was not in the pool. Donohue asked whether if a person is working for a municipality the law or PERS requires that that employee's insurance must be paid by that municipality. Mitchell responded that it was her belief that PERS and other benefits were completely independent of each other. She went on to state that it would cost the City more to have one full time employee than it does to have two half time employees in this position and pay PERS for both of them. Mitchell explained that each employee works three days. One of those days overlaps so that two of them are working on one of the days. As a result the City gets one additional day's hours. She reiterated that it costs the City less to retain both employees and pay the PERS benefit for both of them than it would to

have one full time employee because of all of the other benefits that would accrue to a full time employee. Donohue asked whether the employees are guaranteed 100 hours per month. Mitchell explained that the 100 hours is a cap; they can work less. Donohue asked if there is enough work in the winter to keep both employees busy 30 hours per week. Mitchell said that a number of different contract jobs were eliminated when this position was created. It was anticipated that the City would do all of the spraying and cleaning of the catch basins. However, the City is again contracting with Valley Green to do the spraying and she will hire a vactor truck to clean the catch basins because the City employees cannot do those jobs. Randy Kinzer, the previous public works employee, had more hours because of the work necessitated by the Library's move to the new building and the work necessary in the City Hall building to get the meeting room completed. Any electrical work which may have to be done must be done by a licensed electrician and the City must be aware of OSHA regulations which may limit the number of tasks which were anticipated being done in house. There will be tree maintenance in spring and summer as well as maintenance of the parks and the cemetery. Mitchell said that many of the improvement projects which needed to be completed have been completed. Morgan stated that the engineer preparing the Storm Drainage Plan had indicated that we needed to do more to maintain our storm drainage system and inquired as to whether that maintenance would add hours for the public works employees. Mitchell said that the public works employees had informed her that they could not do all the necessary maintenance on the catch basins and that work will have to be contracted out. Mitchell went on to state that many of the jobs that the City had contemplated would add hours, will not, because they cannot be done in house. Donohue then asked how the winter hours would be allocated. Mitchell said that if there was no work that needed to be done it was preferable that the employee go home since the hours were never intended to be guaranteed, but rather capped at a maximum of 100 hours. Donohue said that he understood the hours necessary for maintenance in the spring and summer but he wanted to be sure that if during the winter months when there is not a lot of maintenance necessary, work would not be created for them. Mitchell said that she could usually find work to be done on projects which are not necessarily priority but so long as the workers were available she would have that work done. Donohue said that he was not trying to cut work hours, but being responsible to the community he felt that if, in the slow time, there truly is no work for them to do, work should not be created for them. Mitchell explained the history of the creation of the position and the reason for the hiring of the second public works employee.

After discussion Donohue made a motion to provide PERS for both public works employees with the caveat that if during the slow time of the year work runs out their hours will be reduced in proportion to the actual work needed. Burroughs seconded the motion. Voice vote. Motion carries.

Discussion re Additional Personnel Hours Reflected on Proposed Budget. Morgan said that the City has employees who work more hours than they are paid for. He said that this is unacceptable because the City could get in trouble for employees not being paid for work they are doing. They are dedicated employees who are doing this because they take their job seriously and are concerned about getting their work done in a timely manner. The reason that they are doing this is because the positions require more hours than are being allocated. They are considered full time employees but none of them work (or are paid for) 40 hours per week. He said that none of the employees in questions are just doing busy work. The question is whether to increase their hours or to bring on a third person for the City Hall office to work one or two days per week. Bringing in a third person rather than increasing hours might be less expensive since that person would likely be hired at a lower pay scale than the current employees. In the

event either Audrey or Mary would for some reason be unable to continue to work there would be a continuity problem. They are not fully cross-trained and a third person could cover Audrey's position while she trains on some of Mary's job duties so that if necessary she could temporarily step into Mary's position. The third position could train on Audrey's position so that position would be covered in the event of Audrey's absence. Morgan said that no decision needed to be made right now but this is a situation that needs to be addressed.

There was discussion regarding the various options and the desirability of having a third person in the office as backup. Lucas said that what is being discussed is a line of succession, cross training and on the job training. He commented that even if another person is hired there needs to be a plan that covers cross-training so that if one person leaves there is more awareness of what that person does which gives flexibility. This can't be done at the expense of how the job is done now since there isn't enough time to do all the work that needs to be done and cross-train at the same time. Lucas went to state that he felt that the Councilors would not be doing their job if attention was not paid to this matter. Morgan said that there were 2 issues; (1) employees working more hours than they are paid for and (2) lack of continuity of succession if one employee leaves or is absent for a period of time.

Donohue said that he didn't know if the answer to the problem was a third person but he agreed with the necessity for cross-training. Burroughs suggested an efficiency expert. McNerney commented that each day is different. One phone call can change the direction of the work plan for the day. It is not like piece work where you have one specific thing that you do each day. Each day can bring its own set of problems or the day can go smoothly and the work plan isn't disrupted. Donohue said that he understood that aspect of the job. Mitchell read a portion of a day's activities she had recorded pursuant to Morgan's request and the number of matters she deals with for just a portion of the day was surprising. Morgan said that the changing role of the employees is being reviewed. He stated that the same holds true for Harris. Harris is being provided with classes and courses to assist her in upgrading her skills. Supervisory responsibilities have also been discussed.

Discussion ensued regarding governmental requirements (such as those required by OSHA) which results in additional time being spent on meetings, telephone calls and research to be certain that all of those requirements are met. Plans, procedures and requirements that the City faces today are different than those 5 years ago. However, Lucas said, we have the same resources. If any of those requirements are not met it would give credibility to those who may accuse Council or staff of failing to an adequate job. Lucas said that he felt that even though there may be some criticism from the public in the event additional staff is hired or the number of hours delegated to each position is increased, Council has a responsibility to provide sufficient resources to assure that the City is adequately staffed to provide services to its citizens.

Morgan said that no decisions had to be made at this time. Mitchell stated that she anticipates potential criticism with regard to the amounts set forth for personal services in the budget and would like Council to understand how those figures were arrived at. Mitchell referred to line 1, page 3 of the Budget Document which sets forth that the amount set forth for the personal services of the City Manager has been increased to reflect the addition of one hour per day and line 2, personal services of the Assistant City Manager which has been increased to reflect the addition of one day per week. She noted that

McNerney was designated to work four days per week or more as needed. She has been working 5 days per week since shortly after the beginning of this year. Mitchell said that with as many projects as the City has in the works it is difficult for Mitchell, when she is the only one in the office, to try to do both jobs. She said that the extra time *allows* us to do this but it doesn't mean that we *have* to use it. She said that she wanted Council to give her direction as to whether or not they felt that there was justification for this increase. She said that she didn't want to face public criticism without knowing which direction Council felt she should go. Morgan said that this would allow the City to increase staff hours or use the additional budgeted funds to hire a third person. Mitchell said that these numbers are capped and that if either she or McNerney are not required to be in the office those extra hours they would not be. She said that she needed to know Council's position and what to anticipate going into the budget meeting.

Mitchell stressed that these numbers are caps. The City does not end up spending all that is budgeted. There are always supplementary funds budgeted so that in the event something out of the ordinary happens the funds are available. She referred to the columns entitled "Actual" and "Adopted Budget" and noted that there is a difference between the amount actually spent and the amount budgeted. This avoids the necessity of having to prepare a supplemental budget in the event funding falls short which is a time consuming and expensive process. Because an amount is budgeted does not mean that it has to be spent, it just means that if you need the funds they are allocated. If these were salaried positions there would be no need to have additional funds allocated. These are all hourly positions. Morgan commented that this is unlike salaried positions which anticipate that a certain wage will be paid no matter how many hours are worked.

Mitchell said that she works 30 hours per week and McNerney works 24. There was discussion as to the perception that 40 hours was a full time work week. Morgan said that from a budgetary point of view it made more sense to hire a third person at a lower pay scale than to increase the hours worked. Mitchell said that she would go along with Council's decision but felt that it was important that it was a unified decision.

Lucas said that to be clear, the amount set forth is always more in the Proposed Budget than is anticipated to be spent. Mitchell said that it is easier to allocate extra money in case it is needed than to go through the time and expense of preparing and publishing a supplemental budget. If the money is not spent it rolls over and becomes the beginning cash on hand balance for the next budget cycle. There was discussion as to how the amounts were calculated. Mitchell commented that no raises were included this year. She referred to the Budget Message which sets forth how the figures were calculated. Mitchell explained that the Budget Document and the Budget Message were scheduled to be distributed tomorrow. She said that if Council determined that they wanted to make changes they could be made.

Donohue asked what the hours would be should a third person be added. Mitchell said that her thought was that McNerney would stay at four days per week and the third person would work two days per week. One day would be for training to do the job and one day would be for cross-training. Burroughs asked what the starting wage would be. Mitchell said that it would depend on that person's qualifications and experience.

There was discussion regarding the cost of hiring a third person as compared to increasing the hours of the current staff. Morgan said that increasing the hours would be more palatable publicly, but adding a third person would be less expensive. Mitchell said another consideration would be whether that third person would reach the 600 hour PERS cap. 48 hours per month would be just under the cap. The hours would have to be tracked to be sure they stayed under the 600 hour cap. Lucas commented that it would be another process to locate the appropriate person for the job. He said that it was Council's responsibility to use all resources available to do the best job that can be done and to be sure that all contingencies are covered to the best of their ability. There are times when a difficult decision can catch a lot of "flak" but it is the right thing to do none the less.

Morgan asked if they, as a Council, felt comfortable, after reviewing the need for additional hours, however they are constituted, to leave the allocation of personal service funds as they are presently set forth in the Budget Document. Mitchell said that it could be presented as being under Council review at this time. Donohue asked whether if he agreed to this right now would it be the final budget number. Mitchell explained that there are an equal number of representatives from the public at large and Council who constitute the Budget Committee. At the Budget meeting Mitchell will read the Budget Message which explains how the figures are arrived at. If a question regarding additional funds for personnel is raised Lucas suggested that it be stated that there is more work to be done than there are hours to do it and that Council is considering options including bringing a third person on staff or to change the allocated hours of the existing staff.

Mitchell informed Council that if McNerney is needed that 5th day there are sufficient funds allocated to have her work. If there is no need for her to work the 5th day she doesn't need to work it. She said that the same would go for her (Mitchell) – it may not be necessary to work an extra hour every day, but if she needs to work the funds are allocated to do so. Mitchell explained that the extra allocation for personnel time also covers the time employees spend at meetings, trainings and the like. There was discussion regarding salary increases and Lucas commented that the cost of living increase is not a "raise." It is an increase based on the cost of living index the City receives from Portland. A person may receive more money but it costs more to live. A cost of living increase attempts to "keep you where you are financially." Mitchell commented that there is no increase contemplated for this budget cycle.

Morgan said that it appears Council is giving Mitchell direction that they are comfortable right now with the increase in the allocation for personal services set forth in the Budget. This it could be taken out during the budgetary process or it could look different after the budgetary process but at the present time Council is comfortable with the allocation as it is set forth on the proposed budget. Morgan said that if Council wanted to make any changes it would need to be done during the Budget Committee meeting. McNerney explained that the Budget Committee normally makes a recommendation to Council to adopt the Budget as presented and Council has the option to adopt it as presented or to amend it. Morgan reiterated that the Budget Committee can change the Budget Document if they determine that changes need to be made. Mitchell said that each person on Budget Committee has one vote. Morgan said that any changes can be made *at the Budget Committee level*. There was discussion regarding the fact that there was enough money allocated in the Budget to cover the hiring of an extra person should Council decide that was the best solution.

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There being no further business to come before Council the meeting adjourned at 6:30 pm.

Audrey McNerney
Assistant City Manager