

**MINUTES OF THE JOINT CHESHIRE TOWN COUNCIL AND PERSONNEL COMMITTEE MEETING HELD ON TUESDAY, OCTOBER 25, 2016 AT 7:00 P.M. IN ROOM 115 TOWN HALL, 84 SOUTH MAIN STREET, CHESHIRE CT 06410**

Present

Personnel Committee Chairman Thomas Ruocco; Committee Members Sylvia Nichols and Peter Talbot.

Council Members: Robert J. Oris, Jr., Paul A. Bowman, Patti Flynn-Harris, Michael Ecke, Liz Linehan, Timothy Slocum.

Staff: Town Manager Michael A. Milone; Personnel Director Louis Zullo.

**1. ROLL CALL**

The clerk called the roll. A quorum of the Personnel Committee and Town Council was determined to be present.

**2. PLEDGE OF ALLEGIANCE**

The group Pledged Allegiance to the Flag.

**3. DISCUSSION OF NON-UNION PAY PLAN.**

Mr. Milone explained that the delay in getting this pay plan to the Council was due to seeing how things were progressing with the labor unions and where they were falling in terms of salary adjustments. There is a good sense of where the adjustments will be and Mr. Milone was comfortable presenting the information to the Council on adjustments to the pay plan by end of the calendar year, and non-union personnel rules and regulations.

There are changes to the medical benefit plans, and the cross over to the Health Savings Account (HSA) is January 2017, with closing out the PPO.

Mr. Milone advised that staff has gone back eight (8) years and looked at pay plan changes. Over the eight (8) years the non-union salary pay plan has not been consistent with the union pay plans, and some inequities, consequences and disparities have been created.

The Council was told by Mr. Milone that this involves a number of people who have exceeded their maximum, as was stated last year. As a result they receive a lump sum. Mr. Milone cited an example of an employee making \$51,000 who is awarded an increase to this amount, but the pay plan only goes up to \$50,000. \$1,000 is paid in a lump sum, and \$50,000 is the wage base paid over 26 pay periods. Other issues have been created...the bargaining unit salary levels are in some cases equal to or greater than some of the salaries of the lower level of non-union pay plan. This disparity has happened because in three (3) of the eight (8) years there was no increase in the pay plan minimums and maximums. The union pay plans had an increase each year based on what the average increase, but for three (3) of the eight (8) years the non-union pay plan was not increased. When Mr. Zullo did the classification study five (5) years ago, while some pay grades were increased, they were not increased consistent with

comparable evidence from other similar jobs in other towns. Because of these two things, the pay plan has fallen a little behind.

Mr. Milone reviewed the explanation for his recommendation. If the Council approves an increase in the pay plan it does not change what people will be paid this year. Their pay will be based on performance evaluations which were conducted two (2) months ago. By increasing the maximum no one will get a windfall...people will get what they are entitled to based on the performance evaluation. If it exceeds their maximum then the balance will be paid in a lump sum. Mr. Milone reiterated the fact that people will not be getting more than what was budgeted, a 2.5% average, and this is the pool of money with which the staff will work to distribute to those eligible for increases. Some people will get a much as 2.75% or 3%, while some will get 1.9% or 1.8%. The amount of money in the pool will not be exceeded.

The Council was told by Mr. Milone that one of the things he and staff have been working on over the last year is succession planning. The more he gets into this, more variations are realized. In his memo, paragraph #4, Mr. Milone states his pride in this group of employees, and he read an excerpt into the record. He wants to do all he can to insure the quality people employed in the Town continue their employment. He reported that no one has come to him saying they are not paid well and will leave. It is a statement of their value to the organization, the role they play, and their importance. One of his responsibilities is to leave the organization in as good a shape as he can, and insure the good professionals continue to work for the Town after he is gone.

Under the non-exempt positions on the last page, Mr. Milone noted there were a number of full-time positions without job grades. They started out as part-time or temporary, and are now at a level where they should have classifications associated with them. These positions have been moved to the appropriate and new classification of N-1 (Program Supervisor, Senior Services; Dispatcher, Senior Services; Adaptive Coordinator, Parks & Recreation; Head Lifeguard). The range of N-5 was not increased to accommodate this; it was done in the recommendation of the overall increase in the pay plan. The cited positions were slotted in at a level below the already established low level.

Non-Union Pay Plan/Recommended Minimums and Maximums - In some classifications there are 35 hours per week and 40 hours per week. For an E-3 position the salary for a 40 hour per week employee is higher than the 35 hour employee, about 14% higher in terms of minimums and maximums.

Mr. Milone explained that he and staff looked at the union salary adjustments for the last eight (8) years. The union increases have been consistent with the exception of one year with the new police contract...there was one year of a differential in increase because the sergeants were given higher raises due to taking on more responsibility. There was a split overall in the eight (8) years of 13.25% and 15.25%. Otherwise, everyone was at 13.9%, and Mr. Milone used the Library, Public Works and Town Hall

because the police skewed it and would have pushed it towards the upper end. The average across all the bargaining units was 18.45%.

In column #2, for each of these classifications, there have been different percentage increases in the minimum and maximum. For E-5 it was 9.85%; E-4 was 6.85%; N-4 was 10.55%.

In column #3, the variance between what the union received and how much of a variance there was between the union pay plan increase and non-union pay plan increase. Mr. Milone cited the example of the E-5 classification pay plan that increased about 8.6% less than for the union. He took this 8.5% factor, multiplied by the current minimum, mid-point and maximum, and this is how the proposed minimum, mid-point and maximum. For E-5 classification, take the current minimum \$82,262 x 1.086 = proposed \$89,337. The mid-point was proposed because the rules and regulations require showing this range.

The last column shows the dollar amount of the minimum and maximum increase. Regardless of how much the pay plan changes, if at all, Mr. Milone said people will still get the salary increase they are entitled to based on their evaluation, as long as the pool of money is not exceeded.

Mr. Slocum asked about there being any equivalency between positions in the E-5 classification and job duties.

In response, Mr. Milone said no, not at all...he does not look at job equivalency. He simply takes the non-union pay plan increases as compared to the non-union pay plan. Some of the union and non-union positions are so close that the union positions are being paid more...and the jobs are not equivalent. He is only looking at relationship of dollars between a bargaining unit and non-bargaining unit...and he can bring examples of these positions to the Council.

Mr. Talbot stated the importance of going back to Mr. Milone's point when he first started with this...even though you are looking at the variance of 8.60%, it does not change the fact that the unions got 18.5%, and the E-5 position is still at 9.85%. This year they are at 2.3% and not affecting this. All we are doing is taking the range of what those positions are allowed to make and shifting them. Someone who was at the mid-point of their range could now be at 1/3rd of the range instead of 50%.

Based on the numbers running from \$4,000 to \$8,000, Mr. Talbot asked if there is anyone who will now be below the minimum based on the shifting of ranges.

Mr. Milone said "no."

The last time this was discussed, Mr. Talbot said there were a few employees up against the ceiling and it has to be increasing.

Mr. Zullo reported it was seven (7) last year, and could be two (2) more this year.

This year there will be nine (9) people exceeding the maximum, and Mr. Milone said it could be more with the assumed 2.5% raise. It has been discussed that the people are getting the money anyway, but it is not that simple. Mr. Milone advised that four (4) of the seven (7) are eligible for overtime...and their overtime is less than what it would be if that lump sum was built into their wage base. This disparity will get greater next year. Another concern is the resignation or retirement of these people and their entitlement to some amount of accumulated sick time and vacation time. They would be getting it on the amount of the maximum payment for their position.

Mr. Milone commented on succession planning, and rectifying the pay plan situation before he retires. He could solidify and acknowledge some people who have been paid in a lump sum, which affected other elements of their compensation. It will be nine (9) people, and possibly more than that number.

Library Pay Plan - the proposed increase is 2.25% which is consistent with the negotiations with the bargaining units.

Mr. Milone informed the Council that the Town is asking for some give backs which will be reviewed by Mr. Zullo.

Ms. Flynn-Harris asked about the non-elected job grades still on the list. She asked about the Civil Preparedness Director position.

The group for non-elected job grades is technically "TPT"...temporary or part time. The Civil Preparedness Director is Fire Chief Jack Casner, and it is a stipend payment. The Laborers are summer part-time Park and Rec employees. Crossing Guards are per diem only during the school year under the Police Department; Lifeguards are part-time; Adaptive Coordinator handles the special needs programs. The positions that are crossed out were moved to the N-1 classification.

Mr. Milone advised that non-union people do not get steps. When there is negotiation with a union person for a 2.5% increase, and they are still in movement, they could be getting 4% to 4.5% because they are going over and down. 2.5% for non-union is 2.5%...there are no steps...the salary increase is based on their current base pay.

According to Mr. Zullo the 18.45% is what a union person at max step received. The non-union max step might be 8.94%.

#### **4. DISCUSSION OF NON-UNION PERSONNEL RULES & REGULATIONS.**

Mr. Milone will be reviewing the updated document at the Friday staff meeting. The document is excerpted just to show the changes staff wants to make.

Mr. Zullo reviewed the document with the Council. The rules and regulations are reviewed annually; department heads are asked to suggest changes to the plan; and things come up during the year for interpretation and further review.

**3-4.7 Initial or Final Pay 5.** - time is spent dealing with payouts, and there is insertion of the words "for which they are eligible" into this section.

**3-4-9 (new)** - Effective January 1, 2017 all employees will be paid through direct deposit. This recommendation came from Finance Director Jaskot because it is a savings to the Town. In the union negotiations this is being signed off by all the unions.

**3-4.10 (New) Snow and Ice Control Removal Assignment** - the premium payment to be on standby will be \$300 per month from December 1 through March 31; it will be paid "by" separate check no later than the end of the following month. This affects non-union employees (Highway Superintendent, Parks Foreman) that work on call in the winter.

**7-6 Payment of Earned Compensation and Leave Upon Separation** - This has been reviewed over the years. If someone is hired before July 1, 2003 and cashes out, they would get the number of vacation days (i.e. 5 weeks, 25 days + 10 days) or 35 days. For those hired before July 1, 2013 they were allowed to cash this out, but anything above that in the future would be cashed out at a rate set on July 1, 2003. People could have more than 35 days, but days above that amount would be paid at a different rate. The change in this section is "for which they are eligible" subject to 7-5 above.

In 2002 there were many employees with accumulated vacation well above the cap because it was not being enforced. Mr. Milone explained that this vacation time would be frozen...i.e. someone has 70 days of vacation, and there cannot be accumulation of anymore days above this 70 days. Any carry over, i.e. 25 +10 days (35 days) would be paid at the pay level at retirement or resignation; the other 35 days are frozen at the rate of pay in 2003. This grandfathers the person getting any more accumulation of vacation days. In the course of changing the document over the years, the language got confusing, was ambiguous, and it was decided to go through the document, clarify the intent so people are not paid for more than 70 days.

Mr. Milone stated that there was modification of the language in the document so it fully conforms with the 2003 intent...limit the amount of accumulation going forward.

The concept of an end of the year payout, rather than a rollover, was raised by Mr. Talbot.

Now that this control is in place, Mr. Milone does not consider this to be necessary, and it could be very costly. Employees can bank vacation to get a year pension credit and this reduced their payout. With this plan language, it limits the Town's exposure.

Mr. Bowman asked if we are aware of what other towns are doing, and said trending in this does not make much sense.

According to Mr. Milone, especially with sick leave, the original intent was to provide some compensation for what was banked so people would not abuse it. If people are compensated for what has been accumulated the rationale spread over to vacation. This is why the vacation is now capped, along with sick leave. The payout equates to severance pay in the private sector.

This is a benefit and Mr. Ruocco said the payout is based on the current salary.

There were about 10 people left in town employment that this applies to, and Mr. Milone said they were hired prior to 2003.

Stating he understands the way this is capped, Mr. Ruocco said any eligible pay coming to an employee is based at their current rate.

Mr. Milone explained the payout. Four (4) weeks + 10 days - 30 days at current pay level; 15 days + 10 days = 25 days paid out; people can carry over their annual entitlement plus 10 days. Many employees have more than this number of days which they have not used...but if they cash out the maximum is their annual entitlement plus 10 days.

If someone is at five (5) weeks vacation, Mr. Zullo said you don't get this time at the beginning of the year. It is accrued at 1/12th of it every month.

This is an unfunded liability and Mr. Milone said this is calculated in the audit. Staff encourages employees to take vacation time, and they may reach a point where there is no payment for the days as payment will not be beyond 30 days. Sick and vacation days are separated and covered by different caps and regulations. Going forward, adjustments and benefits can be made for new employees.

**9.10-2 Personal Leave** - Employees get two (2) personal days per year; a 7 hour employee gets 14 hours; 25 hour employee gets 10 hours; the section has been clarified with the language "Personal Leave is accrued at a rate of the number of hours worked per work divided by five days."

**10-4.1 Medical and Life Insurance** - this section reflects on what is being done with union employees in negotiations with the bargaining units. The problem is some of the things go into effect January 1, 2017. The PPO is closing out December 31, 2016. The Health Savings Account (HSA) funding runs January to December, so changes must be made on premium shares. Open enrollment is in November for people to change their coverage, and during this period staff wants to address the PPO people. There could be a second enrollment period, if necessary.

PPO goes away on December 31, 2016.

HSA Plan changes will be \$1,750 individual and \$3,500 for two or family coverage as of January 1, 2017; during the years of the union contracts these numbers will increase. In years 2 and 3 the share will be \$2,000 individual and \$4,000 for two or family coverage.

HSA Prescriptions - once someone meets their deductible there will be a co-pay increase for the prescriptions; 5.5% is now the premium share; it will be increased to 6.5% as of January 1, 2017; the biggest increase would be in the prescription portion; the plan is to increase the contribution percentage, deductible and co-pay.

HMO Blue Care - the co-pays have increased; office visit is \$35; specialist \$40; prescriptions \$15/\$40/\$50, effective January 1, 2017; increase in premium share to 14% as of January 1, 2017.

**10-4.4 Waivers** - line #2 now reads "group medical". Any employee hired after January 1, 2017 will not get a waiver; there will be a phase-out of waivers starting December 31, 2016, moving to a point where they are gone by June 2018.

**10-10 - Deferred Retirement Option Plan (DROP)** - There will be language forthcoming from Attorney Dugas on the DROP for review with Council.

Under this plan, Mr. Milone explained that a person reaches retirement age, retires, receives a pension, but continues to work at a scale of 70% to 75% of their current salary. If someone is leaving employment who the town would like to retain, this plan provides the opportunity to do so, with the proviso of acceptance of 3/4ths of their salary. Under this plan an organization does not lose good employees; the person gets their pension payment; is paid 3/4 of current salary; still retains their medical benefits and continues to do their job.

In looking at the succession plan when someone retires, Ms. Flynn-Harris said the person is kept on with the newly hired person and provides training.

Mr. Milone said the person could be kept on for another year. But, everything would be decided by the Council on a case by case basis. He noted that the plan applies to non-union employees, and currently there are six (6) people possibly eligible for the plan. There could be a three year contract with the person and savings benefits to the town.

Under the rules and regulations on vacation issues, Mr. Zullo reviewed the number of vacation days for some employees. A person starts employment at 15 days/3 weeks vacation per year, and it takes 10 years to get to 20 days. If someone starts at 20 days/4 weeks annual vacation time, at the 10 year they add one day additional to get to 25 days. There are three (3) people employed for 10 to 12 years, who approached the Town Manager requesting the schedule that applies to the 4 week/20 days vacation employees.

Mr. Milone commented on the fact that many department heads had four (4) weeks vacation with former employers. These are the staff members who work longer days, receive no overtime or comp time. He is trying to create parity amongst the non-union employees, and wanted to bring this issue before the Town Council.

## **APPOINTMENT TO CHARTER REVISION COMMISSION**

MOTION by Mr. Bowman; seconded by Mr. Talbot.

BE IT RESOLVED, that the Town Council approves Resolution #102516-1

### RESOLUTION #102516-1

BE IT RESOLVED, that the Town Council accepts the resignation of Edward Hill from the Charter Revision Commission, and hereby appoints David Borowy (R) to said Charter Revision Commission established by Resolution #101116-2.

#### Discussion

Mr. Bowman informed the Council that Mr. Hill wanted to serve on the Commission, but something changed in his professional life and he cannot serve. Council Chairman Oris spoke with Mr. Borowy who as interested in serving on the Commission and he will fill Mr. Hill's seat.

Chairman Oris stated that Mr. Hill is unable to serve on the Commission and had wanted to serve.

VOTE           The motion passed unanimously by those present.

## **6. TOWN MANAGER PERFORMANCE REVIEW Possible Executive Session**

MOTION by Ms. Nichols; seconded by Mr. Talbot.

MOVED that the Town Council enter Executive Session at 8:40 p.m. to include Town Manager Milone to discuss the Town Manager's Performance Review.

VOTE           The motion passed unanimously by those present.

MOTION by Mr. Talbot; seconded by Ms. Nichols.

MOVED to exit Executive Session at 9:15 p.m.

VOTE           The motion passed unanimously by those present.

## **7. ADJOURNMENT**



MOTION by Ms. Nichols; seconded by Mr. Talbot.

MOVED to adjourn the special meeting at 9:15 p.m.

VOTE           The motion passed unanimously by those present.

Attest:

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Marilyn W. Milton, Clerk