Board of Finance
3/23/2015

Board of Finance (Monday, March 23, 2015)

Generated by Amy Bovee on Tuesday, March 24, 2015

Members present
Sharon Bushor, Jane Knodell, Karen Paul, Joan Shannon, Miro Weinberger

Meeting called to order at 6:00 PM

1. Agenda

Action, Procedural: 1.01 Adopt/Amend Agenda

Motion to adopt the agenda

Motion by Jane Knodell, second by Sharon Bushor.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Karen Paul, Joan Shannon, Miro Weinberger

2. Public Forum

Discussion, Information: 2.01 Public Forum

No one came forward to speak.

3. Possible Executive Session

Action, Resolution: 3.01 Approval of Resolution Relating to Pension Summary Paper Issued by Retirement Committee and Approval of Goals in Conceptual Framework for Collective Bargaining

CAO Rusten stated they had requested an explanation of what making changes would do to employees. If they divide the $1.5 million by the number of employees, it would end up being about $538 per year. However, that is not really the appropriate way to calculate the number. He then determined the number of Class A and B employees. He then determined how much each class of employees would be making. He looked at what percentage of the liability was Class A and what was Class B and determined what that would be for the cost divided by the number of employees. For an additional contribution of $300,000, the Class A contribution would go up about 1% and the Class B contribution would go up ½%. He then calculated that a $500,000 increase would be a 1.8% increase for Class A and 0.8% for Class B. For a $700,000 increase Class A would be a 2.5% increase and Class B would be a 1.1% increase.

Councilor Bushor stated she reads this resolution as an endorsement of the conclusions of the report and mentions that they will be used in negotiations. It does not say they will accomplish them all, but will bring them to the table. Mayor Weinberger stated they are just one party in a five party negotiation. He does not believe they can say that they will all be implemented. Having the Council's backing and support may help them achieve them. Councilor Bushor stated she does not believe that the request is unreasonable, but they need to consider all of what they are requesting from employees. They are hoping to shift the burden from taxpayers to employees, but not to overly burden employees.

Councilor Knodell stated she is supportive of the resolution. They wanted more time to understand the implications of moving forward with these recommendations, especially level funding the taxpayer contribution. She wants to understand the implications of moving to an open group method. She believes that it will reduce the annual required contribution in the early years and increases it in the later years. CAO Rusten stated in the closed group method they eliminate the past service payment after 30 years. The normal costs will dramatically increase. Looking at the combination of the normal costs and the past service costs with open and closed group methods, it is about equal. The normal costs are based on a formula and they expect they will go down. The total over thirty years would be higher using the closed group method. Mayor Weinberger stated the open group method reduces the up-front payments. BERS is contemplating implementing it in a way that there is a modest reduction. It is a more accurate projection of the realities of the system. Councilor Knodell stated one of the Retirement Committee's goals was to have no increase to the City's contribution at the beginning and then base any increase on an index. She inquired if they have a sense of what they would need from employees. CAO Rusten stated the Committee did not discuss what index they would like to use, they just determined that they do not want to put more money in. They need to determine the appropriate index. If the City were to increase its contribution after three years, the increase would be less than $200,000.

Approve and Recommend City Council Approval

Motion by Jane Knodell, second by Karen Paul.

Final Resolution: Motion Passes

Aye: Sharon Bushor, Jane Knodell, Karen Paul, Joan Shannon, Miro Weinberger

4. Adjournment

Action, Procedural: 4.01 Adjournment

Without objection, Mayor Weinberger adjourned the Board of finance meeting at 6:20pm.