

**ADJOURNED CITY COUNCIL MEETING
CITY OF WATERTOWN
January 9, 2012
7:00 P.M.**

MAYOR JEFFREY E. GRAHAM PRESIDING

PRESENT: **COUNCIL MEMBER ROXANNE M. BURNS
COUNCIL MEMBER JOSEPH M. BUTLER JR.
COUNCIL MEMBER TERESA R. MACALUSO
COUNCIL MEMBER JEFFREY M. SMITH
MAYOR GRAHAM**

ALSO PRESENT: **MARY M. CORRIVEAU, CITY MANAGER
CITY ATTORNEY ROBERT J. SLYE**

City staff present: Jim Mills, Kurt Hauk, Elliott Nelson, Gary Pilon, Michael Sligar, Chief Herman

The City Manager presented the following reports to Council:

- Management and Management Confidential Benefits Policy

Complete Reports on file in the office of the City Clerk

P R E S E N T A T I O N S

Tax Cap Legislation: Impact on Watertown’s Upcoming Budget

James Mills, City Comptroller stated that New York State’s Tax Cap establishes a tax cap levy on all units of local government and most school districts and needs to be abided by for fiscal years beginning in 2012. He said that the tax cap limits the levy itself and not the increases to assessed values or tax rates. The levy increases are limited to 2%, or the rate of inflation, whichever is less but there are exclusions and does not apply to local generated revenues such as water and sewer rates, refuse fees and bus fares. He noted that the rate of inflation is defined as the change in the average of the CPI-U (Consumer Price Index for Urban). He explained that the Tax Cap is set to use the change in CPI for the year to year change six months prior to the fiscal year so the City will be using the year-end change for 2010-2011. He defined the Tax Base Growth Factor as an adjustment for the “brick and mortar” changes which are physical changes to properties such as significant additions or new growth. He added that any property coming off of a PILOT is not considered new growth. His calculations showed the number for next year will be just under 0.5%. He reviewed the provision in the law that allows for a carryover of unutilized levy limit up to 1.5% and stated that this carryover is only available from the previous fiscal year.

Mayor Graham asked if the City had a 0% this year, could next year be 3.5%.

Mr. Mills agreed with Mayor Graham but stated it depends on the calculated CPI. He mentioned that there is a provision in case the calculation is incorrect which states any amount must be put in reserve and used towards next year's levy. He explained that there is an exclusion for pension contributions which allows the increase above 2% point increase to be excluded. He gave the example of a 14% changing to 17% and stated the amount above the first 2% (to 16 %) can be excluded. He noted that the calculations in the retirement rates are based on the statewide figures and not the City's figures but added that they are close. He referred to the Pension Exclusion calculation slide and stated that ERS 0.6% exclusion represents approximately \$48,000 and the PFRS 2.2% exclusion represents approximately \$210,000. He then compared these amounts using the City's actual figures and stated the ERS was short approximately \$16,000 and that the PFRS was exactly the same. He confirmed for Council Member Butler that this dollar amount can be added back onto the levy. He reviewed an exclusion for Tort Actions and Transfer of Services but stated that they are not applicable to the City at this point. He clarified that costs associated with healthcare, state and federal mandates, energy, labor agreements, capital projects, general operation and debt are not included in the exclusions and these have to be rolled into the budget. He indicated that Council can use an override provision by enacting a Local Law with a 3 out of 5 approval. However, he stressed that this needs to be done prior to the adoption of the budget. He shared with Council the results of the NYCOM Survey which states 158 municipalities plan to override the tax cap, 98 municipalities do not plan to override the tax cap and 46 municipalities are undecided. He noted that Watertown is listed in the undecided category. Lastly, he used the City's actual figures and showed the increase, without an override, as 6.16%.

In response to Council Member Butler's inquiry, Mr. Mills explained that this will continue while retirement expenses are going up and estimated that pension contributions should peak between 2013-2015. He explained that once the retirement expenses peak, there is no call back to the exclusions because it is put into next year's calculation.

Mayor Graham asked if the 6.16% is comparable to other cities.

Mr. Mills replied that there is really nothing to compare to at this time.

Mayor Graham stated that the public would be fascinated to know that the 2% cap is really a 6.16% cap.

Mrs. Corriveau added that there are still 158 communities that have opted to use the override provision.

Mayor Graham asked if the 6.16% would increase year to year since the retirement expenses are escalating.

Mr. Mills responded that the exclusions for pension contribution have to be recalculated each year. In response to Council Member Butler's question, he stated he would need to clarify if the amount labeled pension could be rolled into the next year.

Mayor Graham commented that the override provision needs a 3 out of 5 vote which is the same for passing the budget.

A copy of Mr. Mills' presentation is filed in the City Clerk's Office.

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Council discussed the following topics:

Management and Management Confidential Benefits Policy

Mayor Graham stated that Council had already agreed that any new hires would pay 25% of the health insurance premium.

Council Member Butler asked if the Retiree Health Insurance section applies to all employees or only Management and Management Confidential Employees.

Mrs. Corriveau clarified that this policy only applies to Management and Management Confidential Employees.

Council Member Butler asked for the current amount for single and family coverage.

Mrs. Corriveau explained that single coverage costs the City \$193.46 bi-weekly and family coverage costs the City \$471.23 bi-weekly. She added that a Management and Management Confidential Employee pays 21 % of the total cost for single coverage and 14% of the total cost for family coverage.

Council Member Butler referred to Section B-4 and asked if the City's obligation to pay its share of the insurance premium for a deceased retired employee ceases for the survivor.

Mrs. Corriveau verified that the surviving spouse is required to pay the health insurance premium in full and she referred Council to Section B-3 as well. She stated this total would be \$244.15 bi-weekly which constitutes the City and employee's portion. She also clarified for Council Member Butler that for employees hired after 1983, the employee pay 20 % and the City pays 80%.

Robert Slye, City Attorney added that Section B-5 and B-6 refers to employees that are Medicare eligible.

Mrs. Corriveau explained that these employees have to take Medicare Part A and Part B and Medicare becomes primary.

Council Member Butler questioned how Section B-7 differs from the previous sections.

Attorney Slye explained that if the employee has comparable coverage from another source prior to age 65, then they are required to take that comparable coverage unless they can prove the coverage is not comparable.

Council Member Macaluso asked how this proof is done.

Attorney Slye stated the burden is on the employee to prove that it is not comparable and they must show a comparison between the plans.

Mrs. Corriveau confirmed that the City's obligation to pay its share of the health insurance coverage for anyone hired after January 1, 1996 ceases when the employee attains Medicare age and Section B-7 pertains to the period between retirement and Medicare age.

Council Member Smith noted that the only change in Section B is B-1 ii.

Mrs. Corriveau summarized that the layout was also changed to put the paragraphs in a chronological order.

Council Member Butler asked what it would cost the City if five sick and vacation days instead of three sick and vacations day were sold back.

Mrs. Corriveau replied that the money is budgeted in contingent each year because it is not known what employees will elect each year.

Council Member Butler asked if an additional three days salary is paid to deferred compensation for employees that are not sick.

Mrs. Corriveau said it is only if the employee chooses to sell the three days. She indicated that it was brought up at the department head meeting to expand that benefit from three days to five days. She explained that she would need to find out how many sick days were sold back last year and that there are approximately 40 employees covered under this policy.

Mayor Graham commented that the original discussion evolved around the health insurance premium issue and was not suppose to be an overall remaking of this policy.

Council Member Burns stated that Council is not penalizing the existing employees with these changes.

Mrs. Corriveau mentioned that it would affect existing employees that are promoted to a Mid Level position.

Mayor Graham pointed out this would be known when negotiating salary and Council's goal was to move towards new hires paying 25% of the premiums.

Mrs. Corriveau explained that the positions under this policy are listed at the end of the policy and her cover letter listed proposed changes to that list.

Council concurred that someone initially hired as Mid Level and promoted to Upper Level is not affected by this change. Mrs. Corriveau clarified that anyone that is promoted from CSEA, Fire and Police is affected by this change.

Mrs. Corriveau commented that the modifications to the list of positions were to clean it up to the current positions.

Council Member Smith noted that the Utility Manager cannot be added until Council decides on this position.

Mrs. Corriveau explained that the Refuse Collection Supervisor was done away with, the Sewage Treatment Plant Operation Supervisor is a CSEA position, and no one holds the title of Stenographic Secretary, Assistant Planner, Automotive Mechanic Supervisor and Deputy City Comptroller.

Mayor Graham asked about the Assistant City Manager position.

Council Member Smith stated he was not sure of this position and asked for the minutes to be researched.

Mrs. Corriveau stated that she did not think there ever was an Assistant City Manager and confirmed that it has always been Confidential Assistant to the City Manager.

Council concurred that the policy will need to be readopted and will be voted on at the next meeting.

Utility Manager Position

Kurt Hauk, City Engineer, **Gary Pilon**, Water Superintendent and **Michael Sligar**, Chief Operator of the Sewage Treatment Plant were present to answer questions regarding the Utilities Manager position.

Mayor Graham stated his understanding was that when Mr. Pilon retired, the Water Department would be restructured into a Utilities Department. His concern is that this proposal puts too much under the Engineering Department especially given the recent issues with Parks and Recreation. He also wants to make sure that what is approved is consistent with what is in the charter. He wondered if the City could just recast the Water Department and put these two other functions under it.

Council Member Smith stated that the Utilities Manager should report directly to the City Manager instead of having things filtered out. He is concerned that the Utilities Manager could

be in need of something and the department head might not agree and therefore, nothing ever gets brought to the City Manager or Council.

Council Member Butler stated that Mr. Pilon has a lot of experience and his opinion is important to him.

Mr. Pilon stated he does not want to see the three sections of the current Water Department broken up and does not have a problem with the added responsibilities of the Plants to the Water Department. He mentioned that when the City was looking to find a City Engineer, he filled this position for three years and oversaw the Water Department, the Sewer Plant, the Hydro Plant and the Engineering projects. He indicated that this could be done and was done. He reviewed the history of the Water Department and stated there used to be a Superintendent of Electric and Water. He remarked that in 1982 this position was abolished, the plants went under Engineering, water distribution went under Public Works and the business office went under the City Treasurer's Office which later became the Comptroller's Office. He said that later City Manager Karl Amylon decided to create a Water Department and an Electric Department because the City was heading towards municipal electric. He stated his point is that the water functions have been combined with other functions and it worked. He added that what has been discussed at the staff level is workable and he would recommend trying the proposed way.

In response to Mayor Graham's inquiry, Mrs. Corriveau stated the Electric Department no longer exists and there is one employee in the Engineering Department that manages the contract, watches the reading, tracks production and deals with problems in that area. She noted that Sewage Treatment managed by Mr. Sligar falls under Engineering as well.

Mr. Hauk stated that the job specifications would need to be adapted if the position was to change from a Mid Level position to a Department Head.

Mayor Graham stated that the Charter lists there would be five departments – Water, Fire, Police, Engineering and Public Works.

Mr. Hauk stated during the budget process, the proposed job specification was approved by Civil Service and the funding came from the Water Superintendent, a vacant Engineer position and some from the Sewer Fund. He indicated that he lost an Engineer but was to gain a person to manage the utilities that were put under his department.

Council Member Smith wondered if it was worth the risk to give this a try given the recent issues in Parks and Recreation.

Mr. Hauk advised Council that when water was put under him, he had extensive conversations with both Mr. Pilon and Mr. Sligar and it was determined that there is a need for someone to devote their full time to overseeing the operations of the three utility areas. He reminded them that adding Department Head to this position adds another whole list of duties.

Mayor Graham stated this adds a lot of layers between City Manager and Plant Managers. He suggested putting the two new functions under Water and leave the position as a Department Head then Council can always transition to this proposal later.

Mr. Hauk commented that there is so much cross talk during projects between Engineering staff and Water staff that this plan makes sense. He stressed that if this is all under Engineering then there are defined lines of authority where as if it is a stand alone department then this cross talk needs to be facilitated by the City Manager. He pointed out that the decision of whether this position is a Department Head is between the Council and the City Manager.

Council Member Burns asked Mr. Hauk if there are not clear lines of authority in the existing structure.

Mr. Hauk replied that there is what he would call lines of communications.

Council Member Burns asked Mr. Hauk if the change of command and lines of communications are currently unclear.

Mr. Hauk gave an example using the water bills which are handled by the Water Department but the information comes from Mr. Sligar which is under the Engineering Department. He stated if there is an issue getting the readings when there are two departments then the Water Superintendent has to have a communication line between department heads. Otherwise, he explained when it is all under one department and this issue occurs, the same person can pick up the phone and speak directly to the individual responsible for the readings.

Mayor Graham reiterated that Hydro and Sewer could be put under a renamed Water Department.

Mrs. Corriveau told Council that the idea of the Utilities Manager was to have someone looking downward and managing the organization and not necessarily a department head looking upward and dealing with all the administrative duties that comes along with a department head position.

Council Member Smith remarked that when there is a department head there are clear lines of communications and there is also a mediator within the City Manager. Again, he referred to the

issue with Parks and Recreation and does not want to put the City in a potential situation of this happening again.

Council Member Butler stated that there is a lot of responsibility on the revenue side of these areas and he stated it is important enough to be a department head.

Mr. Sligar agreed that the wisest thing to do is put electric, water, and waste water all in one unit and the question is really who that unit answers to. He indicated that it will work both ways because the first option has a line of authority that goes through the City Engineer and the second option requires a lateral line of communication with the City Engineer. He added that there is an advantage to the Utilities Manager to work for a very technically minded person such as the City Engineer as opposed to a business administrator.

Council Member Macaluso commented that she has listened to all the discussions and stated that this new structure makes sense because the services are combined and one person reports to Mr. Hauk.

Mr. Hauk pointed out that it would be difficult to hire someone with all that knowledge from the outside because the City could not pay them enough. He said that the Utilities Manager will need to grow from within the organization. He explained that when he was looking for an engineer it took him a 1 ½ years to find someone because it is hard to find someone from the outside.

Mr. Sligar advised that Council cannot design an organization based on individuals and it needs to be designed on what is best for the structure. He said if there is a bad person in a position there is always the option of changing the person. He added that lines of authority are clearer than lateral lines of communication and he would foresee more difficulty with lateral lines of communication that are more subjective.

Council Member Burns stated that she did not think that the Council should be asking Mr. Sligar's advice on the Council's decision but she wondered if he would be comfortable if someone within the organization now became his boss.

Mr. Sligar replied that he would answer to whoever is put above him and stated that what is best for the City's operations is to have the best person for the job selected.

Mayor Graham asked if the charter would need to be amended.

Attorney Slye responded that section 44 which denominates the departments of the city would need to be changed by a local law.

Mayor Graham asked if there are other areas of the City such as Assessment and Comptroller that is not defined as a department in section 44. He mentioned that this should be reviewed and cleaned up as necessary and Parks and Recreation might need to be added as a department.

Mrs. Corriveau mentioned that if Utilities Manager becomes a department head then the job specification will need to be rewritten, submitted to the State and approved by Civil Service.

Council Member Macaluso said that this does not need to be a department head because it is a consolidation of services.

Mayor Graham asked who would be responsible for the Engineer Department if Mr. Hauk was incapacitated.

Mr. Hauk responded that Justin Wood, the other PE in his office, would be the second in command. He stated that he started as a CE1, became licensed and moved into a CE2 slot. He reminded Council that the engineers are similar to the Utilities Manager in that they need to grow into the position because it is hard to bring individuals in from the outside.

Council Member Butler inquired how the Utilities Manager's time would be divided between the three areas.

Mr. Hauk replied that this person should focus on the iron that is hot and immerse themselves in what is going on. He noted this person would work out of the Engineering Department on the third floor of City Hall.

Council Member Butler asked if there are other cities of our size that has the similar structure.

Mr. Hauk stated that his review showed that most had four to five super departments similar to our City with departments listed under each super department.

Mrs. Corriveau commented that she has approximately 14 people that give direct reports at the Staff Meeting. She stated that the Utilities Manager would be present at Capital Budget Meetings. She told Council that they are not trying to force Council to do something that they are opposed to and stated that staff changes presented an opportunity to look at the organization and try to develop a structure that would function best into the future.

Council concurred that a decision should be made by the next meeting.

A D J O U R N M E N T

At the call of the chair, meeting was duly adjourned at 8:50 P.M. by motion of Council Member Butler, Seconded by Council Member Macaluso and carried with all voting in favor thereof.

Ann M. Saunders
City Clerk