



Work Session– 6:30 p.m. – Council Chambers

Purpose: Discussion regarding changes to Ohio Public Employees Retirement System (OPERS) rules and implications for compensation of future City Council members.

1. COUNCIL BUSINESS

(a) Call Work Session to Order and Roll Call – 6:41 p.m.

A work session of the Oberlin City Council was held on December 17th, 2012 in the Council Chambers of the Oberlin City Hall, located at 85 S. Main Street Oberlin, Ohio. The meeting was called to order at 6:41 p.m., by Presiding Officer Ronnie Rimbert. Those in attendance were as follows:

Council Members:	Present	Absent
Charles Peterson	<input type="checkbox"/>	<input type="checkbox"/>
Bryan Burgess	<input type="checkbox"/>	<input type="checkbox"/>
Sharon Soucy	<input type="checkbox"/>	<input type="checkbox"/>
Elizabeth Meadows	<input type="checkbox"/>	<input type="checkbox"/>
Scott Broadwell	<input type="checkbox"/>	<input type="checkbox"/>
Aaron Mucciolo	<input type="checkbox"/>	<input type="checkbox"/>
Ronnie Rimbert	<input type="checkbox"/>	<input type="checkbox"/>
Appointees:		
Belinda Anderson, Clerk of Council	<input type="checkbox"/>	<input type="checkbox"/>
Eric Severs, Law Director	<input type="checkbox"/>	<input type="checkbox"/>
Eric Norenberg, City Manager	<input type="checkbox"/>	<input type="checkbox"/>
Sal Talarico, Finance Director	<input type="checkbox"/>	<input type="checkbox"/>

Council members heard a presentation from Finance Director Talarico regarding changes to Ohio Public Employees Retirement System (OPERS) rules and implications for compensation of future City Council members. An overview of the changes were reviewed in the attached power point presentation.

Discussion ensued regarding the need for Council to more closely examine the options suggested to determine if a raise will be approved for the 2014 - 2015 Council. Due to the changes made my OPERS Soucy suggested that Option 1 be looked at more closely since they were only talking about an increase of \$8,000 in the total City budget. She remarked that Council had not received a raise since 2008 and this raise would impact those members of Council being appointed in 2014. She admitted her shock at the amount of work involved in serving on Council and felt that if they were going to encourage people to run in the future, one of the factors may be the economic reimbursement. She felt to offset the cost it may mean limiting

the number of Council members who can attend seminars and conferences over the course of a year. Broadwell added that he agreed with Soucy and would like to take option 2 off the table as well.

Rimbert remarked that members of Council didn't join Council for the money. However, for the amount of work that it takes to do the job there should be some type of reward for the work being done. He remarked that he is more concerned with the impacts that OPERS will now have on the salaries and feels that this needs to be addressed rather than allow salaries to remain stagnant like they have been for the last four years.

Mucciolo remarked that he would like to know how Option 3 would be calculated if the differentials between the salaries for general Council members and the salaries for the President and Vice President remained intact, currently the option would cost the City \$2,250.

Burgess remarked that according to his math if they used Option 3 and maintained the differentials for the President and Vice President then it will be another \$967 on top of the \$2,250, so it would increase the budget by about \$3,100.

The Finance Director remarked that his figures would indicate that the amount would be a total extra of \$4,112 (16% for the President and 7.5% for the Vice President). Burgess concurred. Talarico explained that in that case the President would be at \$9,187 and the Vice President would be \$7,849.

Soucy asked the Finance Director to explain how Option 1 would impact the budget and if it were possible for the City to support that kind of an increase. Talarico remarked that when they go into negotiations they try to be fair with their employees so that they don't leave to try to get a higher pay somewhere else, then they work out the numbers to make it work. He reiterated conversations that have been held in Budget work sessions that there is a structural imbalance in the General Fund of almost a million dollars due to the loss of the inheritance tax, the reduction of local government funds, dissipating interest rates and flat income taxes, so they have to address that issue. He explained that in order to make up that kind of a gap, they can continue to try to cut the budget, but at some point without an increase in revenue, this budget is not going to work and the other option is severe service cuts in the General Fund. He noted that a little over 70% of the General Fund is related to payroll and benefits, so that means people and services will need to be cut. In his personal opinion and experience with the residents in the City of Oberlin, he didn't think that their residents were willing to deal with a lower level of service. He said that they certainly have the funds to pay for this increase through the reserves that they have built up over the years. He felt that the total dollar amount was not unreasonable but the choice would be up to Council.

Soucy asked when they would be able to act on this again if they decided not to increase Council's pay. Talarico remarked that the next effective date that raises could take effect would be in 2016. Soucy remarked that what would be ideal, is to do something that is relatively small now and then maybe look at making a charter amendment where every year Council could automatically receive a 2% - 2.5% raise, so that they are not having these conversations where they are talking about dramatic figures in order to bring salaries up to speed.

Burgess felt that the example from Wellington was interesting to consider. Wellington's Council decided that raises would be automatically contingent upon the State raising its requirements.

Peterson remarked that he felt that this option is something to be considered in the future but in the meantime he would like to support Option 3. He felt that Council worked hard in its day to day responsibilities when it compared itself to similarly sized municipalities. A lot of the municipalities surrounding the City don't deal with many of the issues that the Oberlin City Council has to address on a day-to-day basis.

Mucciolo remarked that like the other members of Council he would be inclined to take Option 2 off the table. He didn't feel that given the current financial climate that they were able to entertain a \$38,000 increase. However from an incentive perspective he didn't think that a difference of \$40 dollars a month would motivate people to run for Council. He stated that he would feel better for the health of the City if a structural change in Council salary were offset by a structural change of not spending money in a different area. At this time, he did not see a compelling reason to consider any increase in Council pay.

Talarico remarked that if Council decided to tie their raises to the State minimum requirement then he was compelled to inform Council that State Law prohibits any elected official from receiving an in-term raise. He was of the opinion that if they tied it to something then it would have to be effective for the next term. He also suggested that in the future they could further consider tying this in to the pay increases received by the City employees. He suggested that this concept be further reviewed by the Law Director.

Broadwell remarked that he would prefer to leave it the way that it is so that it can be reviewed by each Council as opposed to getting into some kind of automatic tie-in process.

Meadows said that she felt that it would be a good idea for Council to discuss this for future Councils especially given the impacts that the changes to OPERS can have on future benefits.

10. ADJOURNMENT:

Being that there was no further business to come before Council the meeting adjourned at 7:15 p.m.

Attest:

BELINDA B. ANDERSON, CMC
CLERK OF COUNCIL

SCOTT BROADWELL
PRESIDENT PRO TEM

APPROVED: 01/07/2013

POSTED: 01/08/2013



City of Oberlin

City of Oberlin



**OPERS Changes Related to Council Wages
Worksession - December 17, 2012**

Key OPERS Changes as they relate to Council Salaries

- Effective 1/1/14 the minimum monthly earnable salary for one month of pension credit will be \$600 (and prorated for less) and will then be indexed up - the specific method is yet to be determined.
- In order to receive one month of credit towards OPERS health care after retirement, the monthly earnable salary must be at least \$1,000 (and will NOT be prorated for less).

Charter Requirements Regarding Changes to Council Salaries

Oberlin Charter requires that City Council member wage increases be adopted by Council no later than the first day of February 2013

Charter Section III

"E. Salaries. Council may determine and fix the salary of its members at its discretion; but the salaries of Council members shall not be increased or decreased during the elective term of office which they are serving. If Council determines to change the established salary in respect to a succeeding term of office, **such change must be made by Council on or before the first day of February of the second year of the elective term then being served by Council.** Unless and until the salary is so changed it shall remain as last fixed. The salaries of Council members shall be paid in equal monthly installments."

When Would Council Need to Act, if it is Determined to Change Council Salaries?

- January 7, 2013 Council Meeting
- January 21, 2013 Council Meeting
- Special Meeting on or before February 1, 2013

History

		General	Annual Pay	Pay	Annual Pay	Pay	Annual Pay	Pay		<u>Differential</u>		Annual	Additional
Ordinance #	Effective	Raises	President	Per Month	V-President	Per Month	Member	Per Month		President	V-President	Cost	Cost
Recent History of Prior Changes:													
Prior to '98			4,000.00		3,500.00		3,000.00			33.33%	14.29%	22,500.00	n/a
97-13	1998		5,000.00		4,500.00		4,000.00			25.00%	11.11%	29,500.00	7,000.00
03-13	2004		7,000.00		6,500.00		6,000.00			16.67%	7.69%	43,500.00	14,000.00
07-19	2008		7,875.00	656.25	7,300.00	608.33	6,750.00	562.50		16.67%	7.53%	48,925.00	5,425.00

Option 1

Ordinance #	Effective	General	Annual Pay	Pay	Annual Pay	Pay	Annual Pay	Pay	Differential		Annual	Additional
		Raises	President	Per Month	V-President	Per Month	Member	Per Month	President	V-President	Cost	Cost
	2007	3.00%	8,111.25	675.94	7,519.00	626.58	6,952.50	579.38	16.67%	7.53%	50,392.75	1,467.75
	2008	3.00%	8,354.59	696.22	7,744.57	645.38	7,161.08	596.76	16.67%	7.53%	51,904.53	2,979.53
	2009	3.50%	8,647.00	720.58	8,015.63	667.97	7,411.71	617.64	16.67%	7.53%	53,721.19	4,796.19
	2010	3.50%	8,949.64	745.80	8,296.18	691.35	7,671.12	639.26	16.67%	7.53%	55,601.43	6,676.43
	2011	3.50%	9,262.88	771.91	8,586.54	715.55	7,939.61	661.63	16.67%	7.53%	57,547.48	8,622.48
	2012	0.00%	9,262.88	771.91	8,586.54	715.55	7,939.61	661.63	16.67%	7.53%	57,547.48	8,622.48
Option 1:	2013	0.00%	9,262.88	771.91	8,586.54	715.55	7,939.61	661.63	16.67%	7.53%	57,547.48	8,622.48

Adds a 3% increase for 2007 and 2008 and 3.5% for 2009 through 2011 and 0% for 2012 and 2013 to reflect general raises of the city. By doing so, the monthly wages for regular members of council will exceed the minimum for a month of service credit with OPERS, effective 1/1/14, and maintains the current differential for President and VP. Wages could be rounded to the next \$100 increment of \$9,300, \$8,600, and \$8,000, respectively.

Option 2

Effective	General Raises	Annual Pay President	Pay Per Month	Annual Pay V-President	Pay Per Month	Annual Pay Member	Pay Per Month		<u>Differential</u>			Annual Cost	Additional Cost
2013		14,000.00	1,166.67	12,904.11	1,075.34	12,000.00	1,000.00		16.67%	7.53%		86,904.11	37,979.11

Brings the regular member up to the OPERS minimum for health care credit effective 1/1/14, and maintains the current differential for President and VP. Wages could be rounded to the next \$100 increment of \$14,000, \$13,000, \$12,000, respectively.

Option 3

Effective	General Raises	Annual Pay President	Pay Per Month	Annual Pay V-President	Pay Per Month	Annual Pay Member	Pay Per Month		<u>Differential</u>			Annual Cost	Additional Cost
2013		7,875.00	656.25	7,300.00	608.33	7,200.00	600.00		9.38%	1.37%		51,175.00	2,250.00

Brings the five members of council that currently are below the \$600 threshold up to \$600 per month.

Summary

Ordinance #	Effective	General Raises	Annual Pay President	Pay Per Month	Annual Pay V-President	Pay Per Month	Annual Pay Member	Pay Per Month		<u>Differential</u>		Annual Cost	Additional Cost
										President	V-President		
Recent History of Prior Changes:													
Prior to '98			4,000.00		3,500.00		3,000.00			33.33%	14.29%	22,500.00	n/a
97-13	1998		5,000.00		4,500.00		4,000.00			25.00%	11.11%	29,500.00	7,000.00
03-13	2004		7,000.00		6,500.00		6,000.00			16.67%	7.69%	43,500.00	14,000.00
07-19	2008		7,875.00	656.25	7,300.00	608.33	6,750.00	562.50		16.67%	7.53%	48,925.00	5,425.00
	2007	3.00%	8,111.25	675.94	7,519.00	626.58	6,952.50	579.38		16.67%	7.53%	50,392.75	1,467.75
	2008	3.00%	8,354.59	696.22	7,744.57	645.38	7,161.08	596.76		16.67%	7.53%	51,904.53	2,979.53
	2009	3.50%	8,647.00	720.58	8,015.63	667.97	7,411.71	617.64		16.67%	7.53%	53,721.19	4,796.19
	2010	3.50%	8,949.64	745.80	8,296.18	691.35	7,671.12	639.26		16.67%	7.53%	55,601.43	6,676.43
	2011	3.50%	9,262.88	771.91	8,586.54	715.55	7,939.61	661.63		16.67%	7.53%	57,547.48	8,622.48
	2012	0.00%	9,262.88	771.91	8,586.54	715.55	7,939.61	661.63		16.67%	7.53%	57,547.48	8,622.48
Option 1:	2013	0.00%	9,262.88	771.91	8,586.54	715.55	7,939.61	661.63		16.67%	7.53%	57,547.48	8,622.48
Option 2:	2013		14,000.00	1,166.67	12,904.11	1,075.34	12,000.00	1,000.00		16.67%	7.53%	86,904.11	37,979.11
Option 3:	2013		7,875.00	656.25	7,300.00	608.33	7,200.00	600.00		9.38%	1.37%	51,175.00	2,250.00

Discussion...

Other Suggestions...

When Would Council Need to Act, if it is Determined to Change Council Salaries?

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End