

FINANCE COMMITTEE MINUTES
AUGUST 9, 2021

(Amended per council on September 1, 2021 as highlighted with A. Hendricks corrected numbers)

In Attendance: **Vermilion City Council:** *Monica Stark, Council at Large; Emily Skahen, Ward One; Steve Holovacs, Ward Three; Barb Brady, Ward Four; Brian Holmes, Ward Five (late arrival). Absent: Steve Herron, President of Council; Frank Loucka, Ward Two*

Administration: *Jim Forthofer, Mayor; Chris Howard, City Engineer; Amy Hendricks, Finance Director; Chris Hartung, Police Chief; Tony Valerius, Service Director; Chris Stempowski, Fire Chief*

Call to Order: Barb Brady, Chairwoman, RESOLVED THAT this Finance Committee comprised of the committee of the whole does now come to order.

TOPIC ONE: **Review of Ordinances 2021-51 & 2021-52**

B. Brady explained these are pay ordinances council has been discussing. She asked what initiated the pay increases – this is a large salary and hourly increase in pay, so what was the motivating issue that made this all happen. She said they do not have people quitting and they do not have jobs open, so why is the administration doing this? A. Hendricks said it came to light and a comparison started a year and a half to two years ago in preparation of union negotiations because they had a segment of clerks who did ratify to join the union at that point in time, so part of that process is indeed that. She had heard comments from staff members who said they had relatives working as lifeguards that were making more than they were. So, she started doing comparisons to see and she thinks it is important that they tell their employees that they appreciate them, and they don't wait until there is turnover, and then have to pay a higher rate to get people in that have not been fully trained yet. It is really an effort to show appreciation and respect for the employees that are doing the work. Mayor Forthofer said one of the things that inspired it was trying to have the City of Vermilion remain minimally competitive with other communities. With appreciation aside that is fine, but if they don't have a competitive pay rate and benefits; especially with the labor shortage as it is now, they will be at a disadvantage if they do not least keep pace with other communities based on comparative studies by the finance director. A. Hendricks said they also had a similar situation when they tried to fill the vacancy in the prosecutor's office, and at that point in time council granted a \$5.00 an hour increase for the starting pay to that job as well. B. Brady said council changed the description on that job – that was not just a pay increase, they changed what that person was. S. Holovacs said it was to a paralegal. B. Brady said council changed the description and she was more qualified. S. Holovacs said Danielle probably had all the qualifications, but she got hired as a secretary. She had the qualifications but there wasn't a job description. She said Danielle was moving up in the courts and they wanted to replace her with someone that had the ability as Danielle had, so

basically, they had to hire a paralegal, which they got pretty cheap. A. Hendricks said there are various levels of skills that is required.

B. Brady asked if any of these people have taken classes or received their degree, or anything that would motivate an increase in salary. A. Hendricks said not that she is aware of, but she is not aware that anyone in any of these other communities has either and they are making in some cases \$10.00 more an hour.

B. Brady addressed the step and range chart and said she was not real familiar with it, so do the current employees stop at a certain point on this chart. A. Hendricks said yes, the clerical staff has traditionally stopped at Step 3. B. Brady asked if this would continue to happen on the new pay scale that she is proposing. A. Hendricks said no, as there are provisions in the ordinance that was provided a couple weeks ago as to starting ranges, as well as maximum ranges, and how they get to those. B. Brady asked if they would stop though. A. Hendricks said correct there is a stop.

B. Brady said when the employees follow the Local 860, they get the same raise, so this pay scale would increase by whatever that increase is to the Local 860. A. Hendricks said correct and noted the 860 stops at Step 8. B. Brady said the whole scale would increase, so if they give these people - and one of them is a 45% increase, they will also have the advantage of whatever the increase is of what the 860 got in addition to what they get if council approves this. A. Hendricks said in January just like everyone else that is on the payroll. She said she tried to take this into consideration actually when she was looking at the placements so that they didn't get people who elevated above the averages even when that happened.

S. Holovac said he has a real problem with this, and it is nothing against the employees. He said they are opening up a can of worms and after his 16 years of being on council, he sat through a lot of police contracts and 860 contracts, and they keep telling them they have no money – here's 2 1/2% - 2% - and zero. Now all of sudden they are going to start giving 10%, 15%, and 20% increases, and they will come in here asking for money and they will open up a can of worms they really do not want. He can support individuals coming to them based on a higher rate that is across the board – a full rate – and then at that point any advanced education he is more than willing to pay anybody. If they come in with a bachelor's degree, he thinks they should get more money, but just to start giving dollars he has never seen this in his 16 years on council and he cannot support it.

B. Holmes said his concern is coming union negotiation time is the administration prepared to answer these questions to the union folks because they are going to be asking for that same increase, so are they prepared to take that on. A. Hendricks said she is not sure when they ever fix the problem.

C. Hartung said to address Councilman Holmes in 23 years of negotiating, especially with the police union on both sides – yes, this is a consideration, and not to take the mayor's thunder away but Susan Anderson's nomination to be the law director is probably one of the most exceptional contract negotiators they have had, so they understand there would be some issues that are coming, but they are prepared to address those at that time. With regard to Chrystal's ordinance, he was coming

from the fact that they had some disparities that occurred in 2004, so this is the fifth time on his predecessor and himself that they have gone to council to try to get this adjustment made to get her where she should have been had those issues not occurred. He said she is in the audience, and she can address the history on how this occurred better than he can. So, his issue is not a step issue, but the fact that he is trying to get parity of where she should have been from what had occurred in 2004.

Amy Hendricks said three of the people who are impacted by this had previously had a \$1.00 an hour added to their pay because of additional responsibility so that was acknowledged at some point in the past as well. Unfortunately, at the time it was given in 2016 or 2017 she believes and it had not been brought to council properly, so those people have already had a raise taken away from them with nothing to replace that for their additional responsibility in the past.

B. Brady said there was some discrepancy between what the clerk gave them and what the finance director gave council as far as the salaries in different cities. To her Amherst and Huron, and maybe Bellevue are comparable towns and for the finance department in Amherst they are looking at \$24.77 an hour, and in Huron they are looking at \$21.80 and \$28.00, and the \$28.00 has been there 22 years, and Bellevue 23 years. **A. Hendricks said Huron in the finance office has a starting wage of \$23.02 and a top wage of \$35.34.** B. Brady said they do finance and utilities, and these people are long term employees. They are talking about giving \$28.65 to somebody that has been there three or four years. A. Hendricks said they are doing the job. B. Brady said she knows, but...

E. Skahen agreed with staying comparable and knows that city jobs and government jobs have good benefits, but she has been going back to the minutes and her notes, and she is not comfortable with a vote tonight because she feels she still cannot make sense of all the numbers. For her, it would help if she had a chart with each job with the range and step they are at, and where the administration wants them to go, and then maybe adjust the averages and comparisons. She is just trying to make sense of all this information. She isn't sure if they should just table this or bring more information back to council. She doesn't know where Chrystal is at now and what they are asking for. They do not have any of those numbers.

B. Brady said they also asked for the total package and obviously the hourly rate is the tip of the iceberg because they are going to be increasing retirement benefits, worker's compensation – all of these are affected when you increase someone's pay. A. Hendricks said exactly, and she has those figures and asked her if she was ready for those. B. Brady said she doesn't think they want them – they wanted them so they could look at them and make sense of them. She didn't think any of them wanted them today. A. Hendricks said she asked her to bring them with her tonight. B. Brady said no, she asked her to have them for council and assumed she would get them with their packets, so they would have time to look at them. A. Hendricks said she totally misunderstood what she was asking. B. Brady said then she apologizes. A. Hendricks said if she was waiting for them and did not get them, then she should have reached out to her instead of assuming that there was something else going on.

Mayor Forthofer said if he understands from Councilwoman Skahen that there is an inability to have an apples-to-apples comparison in front of council – they just need a better presentation of the information so they could review it further for the next public hearing if they had a different form of presentation. B. Brady said yes as she thinks there is frustration.

Amy Hendricks said if Barb Brady would work with her to see what is clear – these numbers have been in front of council for a month now and this is the first time she is hearing any questions at all, so it is a little bit hard to address them now. It would have been much easier if those questions were coming in along the way. B. Brady said she will take blame for that then.

Mayor Forthofer asked Barb if the best procedure would be to table this and come back with a chart to reconsider. B. Brady asked if it was council's wish to vote on this tonight. She said council has two choices – they vote no on the ordinances and ask the administration to come back with rebuilt ordinances if it does not pass. If council votes it down, then the administration can come back with a rewritten ordinance covering some of the concern's council has, or they can table it. She said to table it is harder and a little more confusing. If they start over and start clean, they can but it is up to council on what they want to do.

S. Holovacs suggested to vote on it and if it goes down then they can come back to it. Mayor Forthofer asked for understanding on what the concerns are. B. Brady said they don't understand step charts very well and what actually happens. In the private sector, you get a raise once in a while. When you deserve a raise, you get a raise, and this does not happen in city government – it is different. A lot of them do not deal with this. The other part is that there is a big piece that goes towards retirement and a lot of other things that increase when your hourly rate increases, so they want to know what the cost is. What is this all going to cost the city? A. Hendricks said she can give council this number now because she had it with her at other meetings other than the positions that were added on and no one ever asked any questions, so she can certainly bring it back. That would be fine.

M. Stark agreed that the staff members need a raise. These employees just don't walk in the job and know their job the next day. You cannot hire a temporary staff member through a temp service to come in and do these jobs. These are jobs that are learned jobs. The different departments need to know what goes on within their department. They need to know the code and how government works with the steps and the payroll, and this kind of stuff, so these employees really do – as they compare them to other areas, they do need to give their employees a raise and bring them up. The economy has skyrocketed, and they need to bring the pay up to where it should be because inflation is going on like crazy, and they need to bring the pay up to the inflation rates. Again, they know their jobs and they know what they do. If she goes in and asks the building department something they are going to tell her exactly what she needs or what she does not need. You cannot just hire somebody and have them trained in two weeks to know what their staff knows, and they need to compensate for that on what they know because they do not want to have to train their staff members because they have all these years in already and

they're only getting better the longer they do their jobs. They want to compensate them so they can keep them. She would like to see them brought a little bit closer. When she looks at the differences, one group is getting a 13% increase and another group is getting a 45% increase. When they came in a lot of them took their civil service test at the same time and they are very much close with how long they have served the city. She understands they have different skill levels, so she agrees with some differences and not everybody should be straight across because different departments learn different things, but she would like to see it come a little bit closer together if this is possible. She liked the idea that Steve came up with by compensating people for their education – if they have education behind them, they can give them a 5% difference or something like that. However this plays out tonight with their vote and if it is something the administration brings back to them this is her suggestion.

B. Brady said one of the city's actually gave a bonus – a one to four percent bonus at the end of the year for extra work. She asked what council's preference is – do they want to take a straw vote. S. Holovacs so no, either they vote or don't vote. B. Brady said to table they would have to make that decision before they vote. G. Fisher said if they get to the reading of the ordinance, then council can choose to table it and refer it to another council or committee meeting.

Chief Hartung said he noticed there was a second reading for Gwen's ordinance for the same thing and seeing it is on a second reading and they are on a third, will there be any issues with Gwen's adjustment that they need to address in the same manner because obviously if this gets shot down, he understands there will be questions tomorrow, so he needs to know how to address it.

B. Holmes said he is getting questions about what is good for the goose should be good for them, so this is his concern. If they get these increases – again not saying these folks do not deserve it. Everybody on staff is well-deserved and well-educated and do a fine job, but it is just his concern on how this will play out come union contract and are they going to need to go to arbitration and what are they going to pay in arbitration. What are they going to put out as a city in legal fees? Obviously, the new law director will do an excellent job, but these are his concerns because he is getting a lot of questions by the union folks. Chief Hartung said it is definitely a concern because they know they will come into an adversarial bargaining environment. They have public safety personnel who weathered the COVID. There were outside county agencies that got bonuses and the City of Vermilion did not do that, so that will be a source and there is a lot of things they anticipate coming up. However, there is only so much they can do because of the size. He said if they came in saying they have to give them 14% it will not float in arbitration, so based on experience from adversarial and smooth going, it pretty much goes the same way every time. They will have some issues they will bring up definitely, but they know what they are. Amy Hendricks said arbitrators will look at comparable wage ranges as well for other positions.

B. Brady said she does not know how the vote will go, but if it gets voted down, they are not assuming it will go away. She would assume the administration would come back with another ordinance that would modify some of the increases. She told

them not assume that any council member that votes no is expecting that these people get no raises.

E. Skahen asked what Chrystal's salary is and what are they proposing her to get. Chrystal Deverick addressed council and said her salary is \$22 something and she is asking to go to \$25.20, which is the same rate as a first class or senior dispatcher. This is what a dispatcher gets after five years and she has 27 years, and she was promised that last bump in 2005, so she has a five-year and ten-year dispatcher that makes significantly more than her in her own building. B. Brady asked if this changes her range. Chrystal stated she is not on the step and range chart; it is strictly by ordinance. E. Skahen asked if she gets the 860 raise. C. Deverick said whatever the other non-union employees get. She said sometimes she is nonunion and sometimes she is a police. Her hiring original ordinance says she gets all the benefits of a full-time police dispatcher, but her succeeding ordinance says she follows them for the insurance but follows the 860 for wages.

S. Holovacs said back in 2018 when Jim started as Mayor council started hearing about a raise for employees – a dollar here and a dollar there, and when Eileen Bulan was leaving, she gave raises out. Basically, it was an illegal raise, and it is nothing that council did! It was illegal! Every time he hears about it – it is that council pulled a raise away. What did they want them to do – oh, this is illegal, but it is okay. He has heard it twice and he wanted to let everyone know that they did not do anything – somebody else did something illegal and they did not follow an ordinance. A. Hendricks agrees with this statement and her thought would have been that they could have possibly considered then as action to reinstate it for those employees that were impacted, because it was not their fault. S. Holovacs said it was not their fault, but it was not council's fault that they had to take it back because as a group they saw something illegally done. A. Hendricks asked if they could have considered acting on giving them that raise, or another raise instead. B. Brady did not feel it was consistent. S. Holovacs said it should have been by the administration coming back to council to present it to them. This was not presented to council – it was backdoored and what happened is they heard it through the grapevine, then they investigated it. How would they have felt if they were a council member that heard this. A. Hendricks said she totally agrees. S. Holovacs said he does not like getting it thrown at him that they pulled a razor blade and did something illegal.

C. Hartung said to clarify when he brought this up, he said that council made the correct decision on this, so nobody was throwing council under the bus. He acknowledged that council was correct in this determination. S. Holovacs apologized. C. Hartung said he did not want them to think that he was blaming council as this was on the administration's side and at no point did he ever fault council for making this decision. A. Hendricks said nor did she.

B. Brady asked when they will go into negotiations. C. Deverick said next year as it is a three-year contract. C. Hartung said they will announce their intent to negotiate next October. C. Deverick said yes in October of 2022.

B. Holmes said they can vote and if it goes down then the administration knows they can come back with another ordinance, and again it is nothing against the administration or the folks that do the job. He thinks it is an opportunity for all members of council to vote on it, so this takes him back to maybe just tabling it until they have all members present. B. Brady thought tabling gets a little messy – they should just start over again as this feels better to her.

TOPIC TWO:Law Director

Mayor Forthofer said when he became mayor in 2018, Law Director Stumphauzer informed him that he would probably serve for another six months, but he chose to stick it out and he was happy that he did as he has been a very good Law Director. However, several months ago he said the end of August will be it. As of August 5, he submitted his formal written letter of resignation and prior to that thanks to his advance warning they began to search for another Law Director. They formed a team in the administration of people who were regular users of the Law Director services, and to the criteria that they have some familiarity with the performance of the candidate, and to be a part of a larger firm that has additional resources. To that end, his recommendation is to appoint Susan Anderson of Roetzel & Andress to become the Law Director effective September 1, 2021.

B. Holmes said she is definitely top-notch and certainly agrees with the mayor in his decision, and he is comfortable with this decision as well.

M. Stark said Ken Stumphauzer has done an awesome job for the city for many years and they really appreciate collectively as a council, and kudos to him for doing a great job and they wish him the best in his future. As far as Susan Anderson, they have gotten to know her a little bit these last couple of years and they are comfortable, and she did some good negotiations for the city last time, so she thinks this is a great recommendation. Mayor Forthofer said what weighed heavily on all of them was her assistance during the last round of labor negotiations. She was very fair, and he was sensitive to the city's desires and efficient in the process. B. Brady asked what the costs would be. Mayor Forthofer said it is \$55,250 base pay. B. Brady asked if this was what they were paying Ken. Mayor Forthofer said no as they had the sweetheart of all deals for 20 years. He was paid \$22,500 which is unheard of. They are joining the area of reality now. The hourly rate will be \$225.00. B. Brady asked what they get for the \$55,000 – at what point does she start billing the city. Mayor Forthofer said she will sit here every Monday night and answers all council's questions, and she does the basic work of the city. As they get into labor negotiations and economic development specialization, he believes it goes to the rate of \$225.00. S. Holovac agreed she was a very good attorney.

After no further discussion came before the committee, B. Brady adjourned the meeting.

Next Meeting: September 20, 2021 – 7:00 p.m. @ Vermilion Municipal Complex, 687 Decatur Street, Vermilion, Ohio.

