

Mike Ash

Jan Baker

Dave Dyk, Vice-Chair

Jared Koga, Chair

Sue O'Halloran

Theresa Tschirky

Janine Gladfelter,
Council Liaison

Jerry Hinton,
Council Liaison
(Alternate)

Sharron Monohon,
Budget & Financial
Planning Director,
Staff Liaison

Kris Leibrand,
Recording Secretary

CITY OF GRESHAM

FINANCE COMMITTEE

WEDNESDAY, JANUARY 15, 2020 7:00 P.M.

CONFERENCE ROOM 1A

GRESHAM CITY HALL, 1333 NW EASTMAN PKWY

GRESHAM, OREGON

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|--|--------|
| 1. CONVENE MEETING | 1 MIN |
| 2. PUBLIC COMMENT | 5 MIN |
| 3. MINUTES OF DECEMBER 18, 2019 | 5 MIN |
| 4. COUNCIL COMPENSATION – FY 2020/21 | 30 MIN |
| 5. PRELIMINARY 2020 FINANCE COMMITTEE CALENDAR | 15 MIN |
| 6. COUNCIL WORKPLAN PROJECT UPDATES | 20 MIN |
| 7. COMMITTEE BUSINESS | 10 MIN |
| 8. GOOD OF THE ORDER | 5 MIN |

MEETING ADJOURNMENT

**Upcoming
Monthly Meeting**

**February 19,
2020**

City of Gresham
Finance Committee
Wednesday, January 15, 2020
Executive Summary

4. Council Compensation – FY 2020/21

The Finance Committee is tasked to annually prepare and approve a Compensation Schedule for the Mayor and City Councilors. Following a series of meetings during 2015, the Committee established a compensation schedule at their October 21, 2015 meeting. During the discussions, it was decided that the Committee would review the schedule each year and determine if any changes should be made to the compensation to be included in the Proposed Budget.

Staff will provide a recap of the 2015 process and conclusions as well as an overview of the changes since then. Updated information about the comparison positions will also be provided. The Committee will then discuss any modifications to the Compensation Schedule for the upcoming fiscal year. Background information and the current compensation schedule are included as attachments to this packet.

Requested Action: Committee Decision

5. Preliminary 2020 Finance Committee Calendar

Presented by Sharron Monohon, Budget & Financial Planning Director

Ms. Monohon will provide an overview of the meeting schedule and preliminary agenda items for the 2020 calendar year.

Requested Action: Information Only

6. Council Workplan Project Updates

Presented by Sharron Monohon, Budget & Financial Planning Director and Bernard Seeger, Finance & Management Services Director

Ms. Monohon and Mr. Seeger will provide information on the status of Council Workplan projects and other key initiatives that are underway currently.

Requested Action: Information Only

**City of Gresham Finance Committee
Wednesday, December 18, 2019 7:00 p.m.
Conference Room 1A
Minutes**

Finance Committee Members Present:

Mike Ash
Jared Koga, Chair
Sue O'Halloran
Theresa Tschirky

Kris Leibrand (Recording Secretary)

Finance Committee Members Absent:

Rusty Allen
Jan Baker
David Dyk, Vice-Chair

Staff Members in Attendance:

Sharron Monohon, Budget & Financial Planning Director
Bernard Seeger, Finance & Management Services Director
Elizabeth McCann, Senior Financial Analyst

1. Convene Meeting

Chair Koga convened the meeting of the Gresham Finance Committee at 7:00 p.m.

2. Public Comment

None.

3. Minutes of September 18 and October 16, 2019

Mr. Ash noted that he was at the September 18th meeting, but the minutes indicate he was absent.

A motion was made by Ms. Tschirky and seconded by Ms. O'Halloran to:

"Approve the minutes for the September 18 and October 16, 2019 Finance Committee meetings, with noted corrections."

MOTION CARRIED UNANIMOUSLY

4. Property Tax Update

Ms. McCann reminded the Committee that Multnomah County changed their system last year and we didn't have the data available to provide an update. Now that the system has been implemented, we are seeing some changes in the new data that are attributable to data cleanup.

Ms. McCann provided two handouts and reviewed them with the Committee:

- 2019 City of Gresham Property Tax Summary (Attachment A)
- 2019 GRDC Property Tax Summary (Attachment B)

Ms. McCann noted that, in general, the taxes are consistent. She said there are some changes, like the number of accounts, that are anomalies attributable to the data cleanup done by the County.

5. Overview of Senate Bill 1049

Ms. McCann said that last spring the legislature passed Senate Bill 1049, a catch-all bill for PERS that had a lot of pieces in it, some of which impact employers and some impacted employees and some of which are administrative. She noted that there are a range of effective dates for different items, but most will be in effect by the end of July 2020.

She gave an overview of the highlights:

- Redirects part of the defined contribution portion of the pension system to help pay for the defined benefit contribution. Employees have the option to make up the difference on an after-tax basis. The result to employers is that the PERS rates should be slightly lower because there is another funding source to offset some costs. For Tier 1 & 2 employees the amount is about 2.5% and for OPSRP employees it is about three-quarters of a percent.
- Change to an age-based investment strategy for PERS funds.
- Implements return to work provisions. PERS has always allowed retirees to work for a certain number of hours each year without compromising their pension. For the next 5 years PERS has lifted the restrictions. If an employer chooses to hire an employee in the pension system, the employer still has to pay into the system as if employee were still covered. The employee wouldn't get an additional pension benefit, the change is instead designed to better fund the system overall.
- Implements a limit on calculations for final salary. It is now capped at \$195,000. This doesn't impact how much employees actually get paid, but for the calculation for the pension it can only go up to \$195,000. This will help with rates for employers that have very large salaries, such as OHSU doctors.
- Ms. McCann explained that Gresham is an independent employer for Tier 1 & 2 employees, which means the rates we pay are based on our employees only, and we only pay for our obligations.

- Extends amortization period. One-time extension for two years to lower the rates.
- Appropriates cash and designates a revenue source for the Employer Incentive Fund. This fund was set up several years ago to encourage employers to contribute additional funds and get more money into the system. To sweeten the deal, the State said they would match the money that employers put in by 25%. An application process was established to qualify for the match. Gresham submitted an application for \$8.8 million, which represents about 10% of our unfunded liability at PERS. This does not obligate us to make the payment, it just guarantees us a spot in line and would provide a match of \$2.2 million. We have to make payment by July 31, 2020, however, if we decide that making this payment does not benefit us, we are not required to do so. We do need to include an appropriation for it in the upcoming budget in order for it to happen. The match comes with a condition that specifies that we are not allowed to borrow any money to make the payment. The application we submitted is for the City as a whole, however, at this time we have not determined if all program areas within the City will be able to participate. If the incentive fund is offered in the future, we would be eligible to apply again.

6. Arts & Cultural Grant Program Update

Ms. Monohon provided a handout on the Arts & Cultural Grant program and reviewed the information. A copy of this handout is attached to these minutes as Attachment C.

Ms. Monohon explained that for a number of years the City has appropriated funds in the budget to fund an arts & and cultural grant program. For the fiscal year 2019/20 the calculation was .075% of the forecasted property taxes for the prior year (FY 2018/19) and we budgeted \$23,100.

Ms. Tschirky noted that the Art Walk was funded in the previous 3 years, but not for FY 2019/20 and wondered why not.

Ms. O'Halloran wondered how the Art Walk met the criteria for the grant program since it has since been taken over by the City and doesn't seem like it would be eligible. She said she'd like to know more about that. Ms. Monohon said she would ask about it.

During discussion, the Finance Committee noted that it would be nice to have information that includes how much of the project the grant funds (i.e. the grant is \$3,000, which funds 10% of the project overall budget).

7. Council Workplan Project Updates

Mr. Seeger provided an update on the following:

- FMS's focus continues to be on the ERP implementation. We are in the middle of Human Capital Management piece, with expectations of meeting the April 1, 2020

go-live date. In the meantime, we are in the early phase of the Community Services implementation.

- Charles Becker Park (in Pleasant Valley) is coming along, and we hope to do a ribbon cutting in the spring.
- A Council Listening Session regarding parks is scheduled on January 28. Park assets work plan item will continue into 2020. Conversation will center around funding, operations and maintenance, parks capital and parks planning.
- Fleet continues to thrive and provide quality customer service and work. Previously, eighteen pieces of our fire apparatus were outsourced to Hughes Fire Equipment for servicing. In July, our Fleet shop brought 7 of those pieces back in-house for servicing. Fire is impressed with the service delivery and customer service and plans are moving forward to bring the other 11 fire apparatus back to in-house services. The Fleet staff has been working towards their professional certifications that will help them be successful.

Ms. Monohon provided an update on the following:

- The Budget and Financial Planning group is also focused on the ERP implementation project, and also has staff very involved in the HCM implementation.
- The group is also heavily involved in monitoring the current year budget and expenditures and working on the forecasts and planning for next year's budget.
- Work is also underway with each department to have realistic targets for their spending in FY 2019-20 to come in as much below budget as possible. Currently, all internal vacancies are being reviewed by an internal leadership team. Larger purchases are also being monitored to see if they can be deferred or put on hold.

8. Committee Business

Ms. Monohon said she will soon have dates to reserve for budget committee meetings. She will send to the group as soon as they are confirmed.

9. Good of the Order

None

10. Meeting Adjournment

Chair Koga adjourned the meeting at 8:06 p.m.

The next regular Finance Committee meeting will be January 15, 2020 at 7:00 p.m. in Conference Room 1A.

Jared Koga, Chair

Kris Leibrand, Administrative Assistant

Mayor and Council Compensation Background

Charter Review Committee – 2011 & 2012

- Recognized that compensation proposals have been raised numerous times over the past 30 years
- Concluded that the Mayor and Councilors should receive some form of compensation
- Recommended appointment of a task force to further research the issue

Task Force on Compensation – February 2015

- Recommended that measures be submitted to the voters

Ballot Measures – May 2015

- Measures 26-166 and 26-167 were placed on the May 19, 2015 ballot and were approved by Gresham voters by a wide margin – over 70% for the Mayor and over 66% for Councilors
- Charged the Finance Committee with approving a compensation schedule
- Ballot measures established salary caps for the Mayor and for Councilors based respectively on compensation for the Chair of the Multnomah County Board of Commissions and an elected Metro Councilor

Finance Committee Process – Summer/Fall 2015

- Seven public meetings were held between May and October to review information, hear public comment, discuss concepts and review preliminary conclusions
- Topics explored included the difference between salary and compensation, various rules regarding insurance and retirement benefits, and the established compensation for the County Chair and Metro Councilor positions
- Discussions also considered the roles of Mayor and Council and the role of the Finance Committee

Outcomes – Compensation Schedule Establishment and Annual Review/Updates

- October 2015 – Compensation schedule for FY2016/17 was adopted on October 21, 2015
- January 2016 – No changes for FY2016/17
- March 2017 – Salaries for all positions were reset for FY2017/18
- February 2018 – No changes for FY2018/19
- February 2019 – Salaries for all positions were reset for FY2019/20; benefits were changed for the Mayor position

Next Steps – January 2020

- Committee to consider compensation schedule for FY2020/21
- Results to be included in the Proposed Budget for FY2020/21

Summary Salary and Compensation Information
Multnomah County Chair and City of Gresham Mayor

Multnomah County Chair						
	As of 7/1/15	As of 1/1/16	As of 1/1/17	As of 1/1/18	As of 1/1/19	As of 1/1/20
Salary	150,704	150,704	169,774	173,509	179,755	186,766
Health & Dental	24,456	25,053	23,809	24,274	27,050	27,638
Pension (Match)	9,042	9,042	10,186	10,411	10,785	11,206
Other	800	800	800	800	800	800
Annual Total	185,002	185,599	204,569	208,994	218,390	226,410
	x 0.45					
<i>Salary Cap</i>	83,251	83,520	92,056	94,047	98,276	101,885

City of Gresham Mayor				
	FY16/17	FY17/18	FY18/19	FY19/20
Salary	50,000	60,000	60,000	61,200
Health & Dental	4,417	4,511	4,200	12,797
Pension (Match)	-	-	-	-
Other	-	-	-	-
Annual Total	54,417	64,511	64,200	73,997

Multnomah County Chair

	Salary	Health, Dental & Vision	Pension	Other
Salary	Salary is set by County Elected Officials Salary Commission on a regular basis	Provides for full family coverage Amount shown is County Share	County pays 6% on behalf of elected official	Estimate for cell phone & life insurance
Health, Dental & Vision				
Pension				
Other				

City of Gresham Mayor

	Salary	Health, Dental & Vision	Pension	Other
Salary	Cannot exceed 45% of total compensation for County Chair	For FY16/17 - FY18/19, amount is 1/2 of individual coverage For FY19/20, amount is 1/2 of coverage level selected Amount shown is 1/2 of full family coverage	Elected official must pay 6% if they choose to participate	No other stipend is provided
Health, Dental & Vision				
Pension				
Other				

Summary Salary and Compensation Information
 Metro Councilor and City of Gresham Councilor

Metro Councilor						
	As of 7/1/15	As of 1/1/16	As of 1/1/17	As of 1/1/18	As of 1/1/19	As of 1/1/20
Salary	41,489	42,423	43,156	43,156	46,925	47,379
Health & Dental	24,409	24,409	24,188	24,188	28,313	26,320
Pension (Match)	2,489	2,545	2,589	2,589	2,816	2,843
Other	800	800	800	800	800	800
Annual Total	69,187	70,177	70,733	70,733	78,854	77,341
	x 0.45					
Salary Cap	31,134	31,580	31,830	31,830	35,484	34,804

City of Gresham Councilor*				
	FY16/17	FY17/18	FY18/19	FY19/20
Salary	14,000	20,000	20,000	25,000
Health & Dental	4,417	4,511	4,200	4,468
Pension (Match)	-	-	-	-
Other	-	-	-	-
Annual Total	18,417	24,511	24,200	29,468

Metro Councilor

	Salary	Health, Dental & Vision	Pension	Other
Salary	Salary is set at 1/3 of Oregon Circuit Court Judge which is set by the State	Insurance provides for full family coverage Amount shown is Metro Share	Metro historically paid 6% on behalf of elected official; no longer applies to new employees	Estimate for cell phone, life insurance & long term disability

City of Gresham Councilor

	Salary	Health, Dental & Vision	Pension	Other
Salary	Cannot exceed 45% of total compensation for Metro Councilor	Amount is 1/2 of individual coverage only	Elected official must pay 6% if they choose to participate	No other stipend is provided
				* Council President receives an additional salary For FY16/17 - FY18/19 - \$1,200 per year For FY19/20 - \$2,400 per year

City of Gresham
Council Compensation Schedule
Approved by the Finance Committee
Effective July 1, 2019

Pursuant to GRC 2.40.025 and 2.40.027, the Gresham Finance Committee shall provide oversight and control over the Mayor and City Councilors' compensation and shall annually prepare and approve a Compensation Schedule for the Mayor and City Councilors (collectively "Elected Officials" or "Council"). Pursuant to those requirements, the Finance Committee approves a Compensation Schedule for the Mayor and Councilors that consists of the following:

Salary

1. The Mayor will receive salary in the amount of \$61,200 per year for time spent serving as Mayor for the City of Gresham.
2. The Council President will receive salary in the amount of \$27,400 per year for time spent serving as Council President for the City of Gresham.
3. Councilors will receive salary in the amount of \$25,000 per year for time spent serving as Councilor for the City of Gresham.

Pension

4. Elected Officials can participate in the Oregon Public Employees Retirement System (OPERS) if the Elected Official meets OPERS eligibility requirements, as determined by OPERS. All Council positions represent more than 600 hours per fiscal year for time spent serving in their official positions. No Council positions are considered to be full-time positions.
5. The type of "employee contributions" for Elected Officials will be Member Paid Pre-Tax (MPPT) contributions that are deducted from Elected Official's compensation.

Insurance

6. Elected Officials are eligible to participate in the City's self-funded medical and dental plans only. The City will contribute 50% of the monthly rate associated with an individual enrolled in the selected medical or dental plans.

7. Elected Officials may increase coverage to include other eligible family members. The Elected Official must be enrolled on the medical or dental plan, for a family member to be eligible for coverage.
 - a. The Mayor is responsible for 50% of the additional rate associated with increased coverage. The City will contribute the remaining 50%.
 - b. Councilors, including the Council President, are responsible for 100% of the additional rate associated with the increased coverage.

Miscellaneous

8. Elected Officials are only eligible for the salary and benefits in this Compensation Schedule while they hold office. If an Elected Official resigns or is removed from office his/her annual salary shall be prorated and eligibility for other benefits within this Compensation Schedule will cease on the last day the Elected Official holds office.

Adopted by the Finance Committee on: February 20, 2019

Finance Committee Chair Signature: signed by Jared Koga, Chair