

COBEA Meeting 6/23/16

Rob opened the meeting and went over the last meeting topics. Anjou discussed that they would like to go over the information that Donna was to complete at the last meeting. They would like to break for dinner around 5:30 and their preferences for the COLA block are for after dinner.

Topic: Article 16 Section 1, 2,3,5,8

Speaker: Donna

Discussion: COBEA would like to remove sections one, two and three. They would like to add their own that would state "Layoffs will be determined by seniority. Seniority as used in this agreement, is determined by the length of an employee's continuous service with the City of Bend since the date of hire as an Association, fair share, or religious objection member. They would also like to make a new section 2 that allows employees a notice of layoff at least thirty days prior to the effective date of the layoff. Section five will be moved to four and the first sentence is to be stuck off the contract. Housekeeping would also need to be done to change the section numbers to make it flow correctly. Section 8 will now be section 7 and they would like to make the change from 12 months to eighteen months. Rob had questions about the seniority issue when police and fire are involved in the layoff. COBEA would like for employees who have been laid off to have the opportunity to keep their seniority if offered a job with another department of the City. Sharon wanted to know about the process for this when it comes to rehire. Wanted to know if this would be considered if fire and police were to agree. Went over a personal story for Donna and how the previous layoff had affected her. They are wanting to clarify the seniority and Rob would like to have the wording continuous for the whole contract. Sharon went over an example of how the new system would work. COBEA is looking to find the most straightforward wording to figure out the layoff process. COBEA would like wording that protects the employer and the COBEA members. Rob still has the position of how COBEA wants to treat others is how they will work this. This is up to employees and that is how it should stay. COBEA is trying to remove the subjectivity of the layoff process. Rob would like for this process to be crystal clear so that nothing can come back to hurt the city or employees. Sharon feels that this should be specific to department divisions as it could create ambiguity. Adele raised the point of an endless layoff process if this is able to waterfall to other departments. The wording needs to be clarified and needs to be department specific per COBEA.

Outcome/Options: Needs to be department specific and clarification of wording. City is willing to work with COBEA on this article.

Topic: Healthcare

Speaker: Anjou and Tom

Discussion: The COBEA problem with the current healthcare system is due to documentation or prescription processes. Other members are frustrated with the Benny card being declined due to no reason. All different employees are frustrated as there is no money to pay the bill and this can cause an additional trip. COBEA would like to have some VEBA so that members could use it as the Benny card is frustrating. COBEA states that the healthcare system that the City contains has caused at least one person to end their employment with the City. There is no communication from providence to Pacific Source and this is causing frustrations. The City has hired a new company to communicate between the two other healthcare companies. COBEA is not asking for additional benefits from the City, they are hoping that the frustration can be lessened from the Benny card maintenance. COBEA would like to propose the VEBA as this is affecting the City as well as the COBEA members. Advise that a committee should be made and maybe they can look at eliminating the Benny and going with VEBA and a debit card. Rob advised all members of the Easy Pay option where you don't have to worry about the Benny card. This process works all through Pacific Source and the TPA. Rob feels that education is an essential part of this healthcare system and more needs to be done. Brice agreed to this. COBEA proposes to save the City money by making this process easier and more cost efficient for the employees.

COLA Presentation

Inflation-Bob

He is wanting to talk about inflation and what the cost of living in Bend means. Real inflation includes gas prices and food and housing. Housing is not included in the standard CPIU or inflation costs. Bob placed a map of the population from 1985-present and also went over the housing stock. Bend is 16% higher than the Oregon average. We also went over the average housing price from 2000 which was 162950 to 359000 in 2016. It has jumped 120% in the last fifteen years. The increase in salary is not matching what the increase in housing costs and that creates a problem with affordability. Bend has an issue with availability of homes and a problem of salary not matching the living costs. Went over the average cost of a streets worker and the number of people that are not able to live within the city limits due to cost of housing inflation as well as real inflation. Chris stated that it feels that we are good enough to work for the City but not good enough to live in the City.

Julie and Kim-Budget Analysis of Property Tax and General Fund

Kim prepared a paper from their interview with the County Assessor. Central Oregon is comprised of three counties. Bend is the fastest growing in the country. We have approx. 80000 people in the year 2016. Bend population will grow to 194000 by 2065. The pie chart that they created is a picture of what Bend is as a whole. This is where Bend is sitting financially as a gross. Total assets had increased due to Capital Assets and investments. Then Kim went over the total liabilities of the City and the long term debt which is the majority of the debt. Total expenses at this time amount to 224.8 million. Net position as of June 2016 is 866.6 million. When we are talking gross and liabilities and deferred. When we refer to gross that is not what we have, net is what we actually have at this time. Liabilities is what we actually owe. So in essence, 866.6 million is what we have net. The next slide is showing where our money is flowing in and out of. According to EDCO, Oregon has a low wage base and a high housing cost.

Property tax and Transient Room Tax is a major income for the City of Bend. Property tax is 2.8 per \$1000 of Taxable Assessed Value. Bend approved a 30 million General Obligation Bond for Transportation improvements back in 2011 over the next 5 years which will equal a rate increase here in 2016. When we are projecting budgets we do not want to over budget which is why the graph is showing a 5.5 and 5.6 percentage increase for 2016 to 2017. Measure 50 passed and placed a cap of 3% on the market value of the home here in Oregon. In the terms of new construction, the tax assessor will assess at the actual value of the property at this time.

The General fund is the primary operating fund of the City, accounting for operations of the police, courts, accessibility, growth management, code enforcement and other activities. Public safety takes approximately 80% of the funds from our general fund. Julie and Kim have collected a list of the resources of the City and where the funds are coming from. The total amount of resources is approximately 94975900. Our budget is done on a biennium which is every two years. Julie went over how CDD is fee based and they have their own fund as well as utilities that is fee based as well. At the end of the fiscal year of 2014-2015 10.4 million was unassigned and available to use. Comment on rent by Mike: One of the things that he would like to bring up about the 1600 rents is that the cost of moving in is much larger to get into the property. Another cost that is not touched on is the cost of moving into the property.

Cost of Living-Julie Price, Julie O'Connor, Brice

Looking at COLAs from other county positions. Deschutes County had an average of 1.87% whereas 911 had 2.34% so we are steadily going down in the area of cost of living. You can see that we were in an economic down turn and the COLA was going away. When we are looking at the economy today it is working at a recovery. Julie O'Connor went over the COLAs given to the local private sector unions in Central Oregon. Julie explained that the average for central Oregon is not as high as that of other areas. Brice went over the COLA for areas other than central Oregon. CPIU is geared towards the white collar areas and CPIW also goes for more of the rural areas and blue collar workers. Beaverton, Gresham, Corvallis, Springfield are the cities that

we are compared with. We go with three cities population up and down on either side. We are using the same method for all professions in the City per Rob. Tony asked about why we don't base this on cost of housing as well as the population. Housing is something that is based at a point in time as at one time is can be cheap and then expensive at another point in time. Brice went over how the COLA is based for the fire department here in Bend. Sharon explained that the Fire department does not get a Cola so they are allotted a TAV. Employees need to be able to live here in the area. We are all feeling the tight pinch of the cost of living in this area. We are all under the average needed to live in the area and we are trying to find a way that will make it more palatable for people to work and live in the area. Rob brought up the way that fire is able to get a cost of living raise without a cost of living wage. Sharon stated that 80% of the funding source for fire is property tax so the TAV allows them to get a bonus if the property tax is above the budget. Julie asked about the market adjustment being comparative and Rob stated yes. Brice wanted to know about the comparatives and how to keep employees for the long run. What would it take to include the cost of housing into the wages of our employees to keep them in the area? According to Rob, the housing market is volatile and that could cause a rise and fall in wages if we were to take this into consideration in wages. According to Russ, when you have this excess of money coming into the area it contributes to the cost of affordability to the area. Chris advised that we cannot compare his department to others around the state as we get more snow than other areas in order to get a comparison for his department. There are advantages to other areas as there are more jobs, but here in Bend there really isn't a place to go when your job at the City ends. Brice stated that all of our departments are unique as we require employees to be able to work in multiple departments and we should look at the salary scales here in Bend. Kim brought up the point of a three year contract and the cost of living for that three year period. Costs should be adjusted accordingly with the cost of living in the area. We are locked into a 2.8 per \$1000 in property taxes for the area. Brice went over the COLA for COBEA and found that 1.74 for employees with the City are very low.

[Cost of Living Request-Anjou and Stephen](#)

This part of the presentation will get personal and the differences in EPP and Merit being given out to Management and Non Reps. COBEA wants to show an accurate representation of increases. COBEA is presenting for a 4% increase in COLA for members. Last year came in at 1.5% and they are proposing a steady 4% per year. Stephen created a spreadsheet for each step and classification and broke it down to what a COBEA member would be making within the next three years. They were able to calculate the step and raise for every employee within COBEA. Rob stated that he really appreciated Bob and Stephen breaking this down to the numbers so that we can see what is really being asked for and how we will pay for it. COBEA did not linger on who made what, they are showing that on average, management made increases of approximately 2.5% of their incomes. COBEA states that the numbers are slightly skewed as PERS is not in the numbers. Overall, the salary schedule is a great breakdown of the numbers for the City. What COBEA is wanting to show, is that COLA

is holding people back in being able to afford the livability in Bend. There is a ceiling of 3.25% for COLA in the current contract. Rob is a steward of the city and members of COBEA. Members of COBEA that live in the City give back approximately 90% to the local economy. According to Anjou, there will come a time that City employees will love their jobs but may be unable to keep their jobs due to not being able to live close enough to work here. According to Russ, the pressure is everywhere. COBEA does not feel that they are asking for too much, they are asking for a foot up to keep employees with the City. Bob wanted to add that management has been offered a cash out of their vacation which is 80 hours, as well as Merit and management is getting additional benefits that COBEA members are not allotted. In 2011 this would not be a discussion. Per the analysis, Kim and Julie were on point with their numbers. CO/BEA believes that a 4% increase would not hurt the City as there has been a continual surplus for the last few years. Overall, the numbers seem to indicate a surplus for the coming years as well. Brice has a question on permit sales, he is wanting to know about the larger buildings being built within the City and if those bring in additional funds. According to Russ, this is a multi-prong question as larger buildings bring in more funds and we will continue to see change in the mix. This is pure supply and demand. There is a correlation in the cost to build in the area as well. Indicator seen is that growth will level out. UGB shows the housing mix will change. Projecting 55% single family and the rest multi family. Apartment prices are almost the same as renting a single family dwelling. Rent rate is hitting the right amount that makes it feasible for builders to build apartments, it is cost effective in terms of a return on their investment. Sandra stated that the housing prices are sky high where she came from in California, one contractor said if you do not live in wit Russ stated affordable housing is 65% of medium income, and market rate income such as NW Crossing. Adele asked if the current EPP plans allows management salary to return after three years the same return should go for the Association. Anjou advised that members have not felt that these COLAs are fair and that members should have a base and performance will go from there. This is a hard place to come to as taking a pay cut is not what most people are looking for. The average salary in streets is 4000 and someone coming in at entry level is at 2500. The housing costs in the area would take more than half of an employees' wages for the month. There was a valid comment on giving raises to employees that do not deserve it. This has been in the contract for the last three years and has not been used. This needed to be clearly defined. Today COBEA wanted to show a comprehensive review of why this 4% would be a fair increase for all COBEA members. The members based on the budgets for the next three years based on property taxes should be able to get the same raises that members of management are getting. When an average is lower than the median that means that a lot of people's salaries are lower than the median salary. As a last thought, Anjou states that the Basic Infrastructure is COBEA. There are many employees who are essential who work in streets, sewer, and water. Without this, the City would not run. Under statutory guidelines, police and fire are set as essential employees when it should be the basic infrastructure departments. When looking at COLAs they should be treated as essential employees as they keep the city running and the roads going. What they are asking for with COLAs is to be treated fairly as the

essential employees they are. Tony brought up the point as they understand the roller coaster affect and they are not asking for a five year contract or a large amount of money. There are concerns that the Merit raises are all based on a supervisor's opinion. The suggestions are not listed out and will not be passed on to the employee, just the final outcome. Tony feels that he has something to strive for every year and so makes an effort to aim for the Merit raises. If you do not have the opportunity of a raise, then you are less likely to push and do your best in all jobs done. COBEA feels that the COLA is a way for people to live here and work here. No additional questions for COBEA for the presentation.

The plan for the next session are the City waiting for Comp data. We may not have it avail for the next meeting on 7/7/16 so we will cancel and move on to the 14th and the 28th of July. For the month of August we will do the 11th and the 25th.

Next meeting we will go over 18, 19 and 20. Which pertains to sick leave and the ability to donate to other employees. Then we will go over Economics for the remainder of the meeting.