



BLUE RIBBON COMMISSION

Report

Tuesday, May 14, 2019

Present: Co-Chair Claudia Dumond-Henderson, Co-Chair James Simons, Karen Carroll Bennett, Carolyn Gabbay, Sue Flicop, Greg Reibman, Timothy Moran, Donald Siegel, Andrea Steenstrup, Sharon Chan, John Stewart and Committee Clerk, Danielle Delaney

Absent: Kathy Sun and Doug Cornelius

Also Present: Councilors Cote, Krintzman and Baker

Co-Chair Dumond Henderson opened the discussion to members of the public who were present.

Open Comments:

Councilor Cote said originally, he was the architect to have this all happen. The docket item went through the Finance Committee unanimously. It was left vague so there would be wide latitude. The goal was that some system would be set up and in five years there would be a review of compensation. He noted things have changed since 1997. In his view the workload is different. Some councilors are here every night for three or four hours. When you are on the council it is hard to think about cutting as the workload is heavy. Councilor Cote does think that health care is a good thing to have but not part of day to day compensation. It was noted that with Medicare, supplemental insurance is still needed. There was discussion on numbers of past councilors, and it was noted sixteen still receive pension benefits (14 councilors and 2 survivors). There was not information on health benefits. A Commission member asked if the item in the charter revisions that reimburses the city councilors and asked if that was in the revised charter?

Councilor Baker said the mechanism has not been framed yet. He hoped that there would be a benefit to adjust the salary compensation going forward. He also hoped that the Mayor's compensation should be given at a level that reflects that role. Councilor Baker felt health insurance should be kept.

Councilor Cote did not feel that health compensation was a strong consideration when going on the council. A Commission member asked if Councilor Cote spent 20 hours a week and the answer was yes. Councilor Cote said a large majority did but could not speak for all members of the council. A Commission member asked regarding has there been a study relating to a serious analysis of exactly what councilors were doing in the hours they put into the job. The short answer was no. A Commission member asked if the Charter Commission did any kind of serious analysis of exactly what city councilors were doing in the 20 plus hours they put into the job. He would like to see documentation of that.

Councilor Krintzman said the short answer is no but the reason was the Charter Commission was looking at the structure and was not necessarily the way the job was done today, yesterday, or

tomorrow but structurally what was right and we believed collectively was that the City Council of 24 people had been doing the job the way they were doing it in part because there were 24 people. The hope and expectation was that a council of twelve had been formed that what would be appropriate for twelve people and how they would handle that work. He spent many years at the Massachusetts Senate and learned that elected officials are treated differently for very good reasons. A Commission member asked for charter revisions for getting compensation for expenses. In response the charter commission did recommend this. This was seen in a number of different Charter Commissions throughout that included in this provision. He believed that it was in the School Committee and not the City Council. It was noted that without the approval of the Mayor, nothing happens. A Commission member said that compensation was always very limited.

It was stated that there are two ways to get the charter changed, either the Charter Commission and then the proposal goes before the voters and it was voted down. The other way to do it is by passing proposed charter language by the City Council, the Mayor has to approve and then the State Legislature has to pass it. The house and senate both have to approve, and the governor has to sign it. It was then stated that the Mayor would not sign it as she was unhappy with the School Committee language but more importantly the counsel to the City Council. The Mayor can sign or veto it and the City Council cannot override.

A Councilor stated that we cannot go by the 24 that presently serve and it can happen any time, any year largely you are looking at policy decisions, the way things are being done today and he wanted to be available because of working for the state for so long has familiarity with the pension system and retirement benefits. The city and state are in the same system. Councilor Cote questioned if the councilors were cut, what duties would be dropped? In response, he said the city would have to hire people, some councilors feel the opposite.

Co-Chair Dumond-Henderson stated that she asked the following questions to the City's Law Department and received the answers today.

- 1) Is it possible to have a different plan design or subsidy split for elected or is the Commission limited to the design of all other city's?
- 2) Is it lawful for us to pay a different salary to elected based on who takes insurance - either set a total comp number and have people chose whether they want all cash or a smaller amount of cash and health benefits or offering a premium to those who don't elect?

The Law Department replied by stating "The answer to both of these questions is No. Under MGL C. 32B, Sec. 2, all elected are considered "eligible" employees under the statute if they work more than 20 hours a week or they are considered "eligible" by the Mayor. Once they qualify as "employees", then they must be offered the same benefits as all other employees (*"no governmental unit shall provide different subsidiary or additional rates to any group or class,"* MGL C. 32B, Sec. 7A). We confirmed with HR that the City offers the same benefits to all employees (unless otherwise negotiated under a collective bargaining agreement) and we confirmed that the City does not offer a financial incentive or benefit to employees if they opt out of City-subsidized health insurance. If the City decided to offer that to elected, the City would have to offer that to all employees under the law".

Co-Chair Dumond-Henderson thanked Carolyn Gabbay and Jim Simons for putting together compensation options, attached to this report. This material includes four options for consideration including simply maintaining status quo (option 1), and scenarios that contemplate a combination of salary and health benefits to maintain health benefits. Two out of the four scenarios would be lawful based on what the City's Law Department has informed Co-Chair Dumond-Henderson.

A recap of April 30, 2019 votes on salaries were provided for the Mayor, City Council and School Committee members.

Mayor: The final recommendation is to increase the mayor's salary to *at least* \$140,000.00 per year.

City Council: The final recommendation is to increase the city councilor's salary to *at least* \$19,000.00 per year without benefits.

School Committee: The final recommendation is to increase the school committee members to *at least* \$7,500.00 per year without benefits.

Commission Members Questions, Suggestions and Comments:

- Please clarify the total compensation for employees that do not take health benefits. Co-Chair Dumond-Henderson explained that if total compensation is offered to elected officials then the same approach must be made for all employees.
- A suggestion was made to create an option 5 on the compensation options chart to include total compensation with or without an additional benefit for elected officials to take cash or in-kind payment for those officials not taking insurance benefits saving the City savings. Twelve of the twenty-four City Councilors take the health insurance benefit.
- It was stated that the City does not offer an opt-out incentive payment. Therefore, an opt-out incentive payment cannot be made available to the elected officials. The Mayor describes elected officials as employees allowing them the benefit of health insurance. Is there a way to better describe an opt-out incentive payment letting elected officials who do not benefit from health insurance be given a stipend (option 2)? Co-Chair Henderson explained that option 2 is a base salary, benefits or incentive opt-out and suggest that it could be made available to all City employees under the law. An opt-out pay figure would need to be recommended.
- Did the Law Department explain why an incentive opt-out payment is not possible? Perhaps the Commission could suggest that the City make a policy decision regarding elected officials.
- It was stated that the Blue Ribbon Commission was created to complete a study on wages, compensation of the Mayor, City Councilors and School Committee members. If you assume the City Law Department is correct with their answer and the Blue Ribbon Commission suggested an opt-out option whereas the City would have to make available to all City employees. Let the Unions and Non-Union workers work out the detail and determine on whether to accept or deny the suggestions made from this Commission. The Commission should continue focusing on the salaries and benefits.

- Could elected officials be reimbursed if they prove they purchased health benefits elsewhere?
- A suggestion was made to maintain the current salaries and give an opt-out payment if officials do not choose to take health insurance.
- It was again stated that the draft report should be provided to the public and elected officials in order to receive feedback once a proposal is made. It is concerning to hear the amount of time City Councilors spend on Land Use and Zoning and Planning Committees docket items. City Councilors are unwilling to change the structure of Government which may prohibit challengers from running and may not allow turnover. It is difficult to evaluate Councilors productivity and efficiency.
- It is concerning to hear that the City Charter changes have not gone forward at this point. The City Council approved them on May 6, but the Mayor has to sign it and then it has to go to the State as a Home Rule Petition. None of that has happened so the current charter remains law.
- It was stated that Councilors who make a salary of \$9,750 and approximately \$20,000 in benefit costs should not be entitled to a pay raise. It was then stated that some Councilors do, and some do not work 20 hours per week.
- It is necessary for City Councilors to define their work.
- A suggestion was made to have a new Blue Ribbon Commission convene in two years to determine if there are reasonable changes to this Commission recommendations. Going forward, a new Blue Ribbon Commission shall convene every five years. Another member suggested they convene every eight years. Another member suggested they convene in three years and after that every six years.
- A suggestion was made to increase the Mayor, City Councilors and School Committee members salaries by 10%. Bringing the salaries to \$150,000.00 for the Mayor; \$15,000.00 for City Councilors; and \$7,500.00 for School Committee members. Other suggestions included raising City Councilors salaries to \$14,000.00 base salary plus a \$5,000.00 incentive if a Councilor does not choose health benefits. Another suggestion included raising City Councilors salaries to \$12,500.00 base salary plus a \$2,500.00 or \$5,000.00 incentive if a Councilor does not choose health benefits.

Don Siegel expressed objection to the conceptual basis recommendation. He stated that he is opposed and wants to be recorded that he supports a pay increase for the Mayor, City Councilors and School Committee members.

After a lengthy discussion, Commission members discussed and voted on compensation options provided. The final vote supported Option #4 for City Councilors and School Committee members.

City Councilors

Option #4 would provide all Councilors with an increase in stipend to \$14,000.00 continued health benefits and, for those who do not participate in the city's health plan, a \$5,000.00 in increment to salary (referred to as the "equity payment" in Chart 5). The \$5,000.00 so-called equity payment

would be provided to those Councilors who either discontinue electing health benefits for a plan year, as well as those Councilors who have not elected health benefits without regard to whether they previously elected health benefits. This approach aims to create greater parity in compensation while recognizing the significant amount of time that has passed since the last compensation increase.

School Committee members

The Commission chose to utilize the same compensation model for the School Committee, although in their case the stipend would increase to \$7,500.00 and the recommended amount of the incremental salary for the School Committee members who do not elect health benefits is \$2,500.00.

The Commission discussed again whether the draft report should be provided to the public for feedback. Commission members voted 4-6-1; Flicop, Reibman, Chan and Gabbay in favor; Simons, Carroll-Bennett, Moran, Siegel, Stewart and Steenstrup, opposed and 1 abstention, Dumond-Henderson.

The next meeting of the Commission is scheduled for Wednesday, May 22, 2019 in City Hall.

The Commission adjourned at 10:40 p.m.

Respectfully submitted,

Claudia Dumond-Henderson, Co-Chair

James Simons, Co-Chair

CITY COUNCIL COMPENSATION OPTIONS

Core Assumptions:

- Elected officials who are paid salary are employees and insurance benefits are available to all employees who work 20 hours per week
- Changes to health insurance premium changes would have an impact on the options that contemplate a cash and benefit mix
- While total compensation opportunity is the same for all council members, actual compensation differs based on whether benefits are elected and that applies to all options listed

Stated Committee Goals:

- Equity
- Providing access to insurance
- Generate fiscally responsible options that consider market and scope/nature of roles

OPTION #	Total Compensation	Salary	Incremental Payment	Budget Impact
1. CURRENT STATE WITH NO CHANGE	\$9,750 <u>PLUS</u> Cost of Insurance benefits if elected	\$9,750 (No change)	N/A	Unchanged salary model. Expense to the City varies to the extent there is a change (up or down) in the number of Councilors electing coverages year over year

CITY COUNCIL COMPENSATION OPTIONS

OPTION #	Total Compensation	Salary	Incremental Payment	Budget Impact
2. Base salary, benefits OR incentive opt-out pay	\$9,750 <u>PLUS</u> (1) Cost of Insurance benefits elected <u>OR</u> (2) Opt-out Incentive Payment	\$9,750 (No change)	Incentive payment in an amount TBD paid to those Councilors who elect no insurance coverage (Opt-out)	Unchanged base salary model. Expense to the City varies based on: (1) The number and amount of opt-out incentive payments made, and (2) The cost of insurance coverages elected by Councilors, which will vary to the extent there is a change (up or down) in the number of Councilors electing coverages year over year
3. Increase to base salary for all and benefits option	Increase above \$9,750 with amount TBD <u>PLUS</u> Cost of Insurance benefits if elected	Increase above \$9,750, with amount TBD	N/A	Salary model is changed Expense to the City varies based on: (1) The increased salary amount for each councilor (2) The cost of insurance coverages elected by Councilors, which will vary to the extent there is a change (up or down) in the number of Councilors electing coverages year over year

CITY COUNCIL COMPENSATION OPTIONS

OPTION #	Total Compensation	Salary	Incremental Payment	Budget Impact
<p>4. Increase to base salary for all and benefits option OR opt-out incentive pay</p>	<p>Increase above \$9,750 with amount TBD <u>PLUS</u> Cost of Insurance benefits elected <u>OR</u> (1) Opt-out Incentive Payment</p>	<p>Increase above \$9,750, with amount TBD</p>	<p>Incentive payment in an amount TBD paid to those Councilors who elect no insurance coverage (irrespective of her/his prior year’s coverage status).</p> <p>The opt-out incentive amount may be (1) a set amount, or (2) a percentage of the savings attributable to the saved cost of the “no coverage” election.</p>	<p>Salary model is changed</p> <p>Expense to the City varies based on:</p> <ul style="list-style-type: none"> (1) The increased salary amount for each councilor (2) The cost of insurance coverages elected by Councilors, which will vary to the extent there is a change (up or down) in the number of Councilors electing coverages year over year PLUS the amount and number of opt-out incentive payments made