

TOWN OF GROTON

Board of Selectmen/Finance Committee

Executive Session Minutes

Thursday, March 24, 2016, Selectmen's Meeting Rm

Groton Town Hall, 173 Main St. Groton, MA, 7:00 a.m.

Executive Session held jointly with the Finance Committee

Present for Finance Committee: G. Green (Chair), Art Prest, R. Hargraves (Vice Chair), B. Robertson, B. Pease, P. Dufresne (Town Accountant, Recording)

Present for the Board of Selectmen: J. Degen (participating remotely), A. Eliot, J. Petropoulos (Chair), and S. Schuman

Absent: D. Manugian (Finance Committee), M. Bacon (Finance Committee)

Also Present: M. Haddad (Town Manager)

Documents available at the meeting: None

Mr. Green called the meeting of the Finance Committee to order at 7:00 a.m.

Mr. Petropoulos called the meeting of the Board of Selectmen to order at 7:00 a.m.

On a motion by Mr. Cunningham, seconded by Ms. Eliot, the Board of Selectmen voted to enter into Executive Session pursuant to M.G.L. C. 30A, Sec. 21(a) for the purpose of conducting a strategy session in preparation for contract negotiations with non-union personnel. The Vote – Cunningham: Aye, Petropoulos: Aye, Degen: Aye, Eliot: Aye, and Schuman: Aye.

On a motion by Mr. Pease, seconded by Mr. Robertson, the Finance Committee voted to enter into Executive Session pursuant to M.G.L. C. 30A, Sec. 21(a) for the purpose of conducting a strategy session in preparation for contract negotiations with non-union personnel. The Vote – Green: Aye, Robertson: Aye, Prest: Aye, Pease: Aye, Hargraves: Abstained.

Mr. Green explained that he had requested that the Finance Committee be invited to participate in this strategy meeting related to the Police Chief's contract. Finance Committee members had previously expressed frustration when asked to recommend budgets that are largely made up of salary and wage expenses that have been negotiated without any FinCom input. He is pleased that they will be consulted on future employee and union contracts and hopes that this will prove to be an open communication process. Mr. Petropoulos asked that the discussion be limited to the Police Chief's contract insofar as that

was how this meeting was posted. He noted that Mr. Haddad would be considered the chief negotiator for the Chief's contract.

Mr. Degen asked that guidance consistent with what has previously been proposed for the FY17 Town operating budget (2.2% growth) be established as the salary target for the Police Chief. Mr. Hargraves felt that it was inappropriate for the Finance Committee to be involved at this level of negotiations with employees who are renewing individual service contracts. He feels that these agreements are within the purview of the Board of Selectmen, which is the appointing authority. He would rather the FinCom limit itself to advising on strategy and direction for union negotiations only. Mr. Schulman agreed with Mr. Hargraves on this point, and said he would tend to disagree with Mr. Degen regarding the salary target. He does not believe it is appropriate to hold individual Department Head salaries to the same standard as staff-level employees in a bargaining unit. The negotiations for the Police Chief should be based on whether the Town wishes to retain him as an employee. He added that 2.2% is a somewhat arbitrary limit to apply to managers.

Ms. Eliot asked that the group be careful not to exceed the purpose of this executive session, and therefore not attempt to discuss broad directions. She is looking forward to seeing the salary comparisons that were collected by the H.R. Director once the Personnel Board has finished its analysis of them. Once those comparisons are available, a decision can be made on how to proceed as a body. She suggested that this meeting focus on items such as whether merit should be a component of the contract and how to define criteria that will be used to establish whether goals have been met. She added that it may not be necessary for individual manager salaries to align with union wage targets.

Mr. Green agreed with Mr. Hargraves that individual service contracts are within the purview of the Selectmen, and wishes only to have an open dialogue. He was pleased that the Town would be following best practices in obtaining salary comparisons for this position. He added that it would also be useful to know current regional wage inflation rates, as well as comparisons of municipal benefit cost share ratios. Mr. Green felt that the first step would be to determine whether the Police Chief was being compensated fairly; if he is being underpaid, that should be corrected. The next step would be to tie his COLAs to what the Town knows will be sustainable. Mr. Pease asked for clarification on how the Police Chief's goals are set. Mr. Haddad replied that goals are set yearly and approved by the Town Manager during the Chief's annual review (similar to how all other employee goals are developed). Mr. Pease felt that these goals should be tied to his contract. Mr. Petropoulos agreed that currently, goals are not tied to compensation. Ideally, goals should be measurable and performance-oriented, and compensation should be tied to these specific achievements. Additionally, salaries and increases should be further tied to some accepted index of general growth. Mr. Haddad clarified the difference between a "Strong" Police Chief and a "Strong" Fire Chief, saying that while the Police Chief can set policy, he does not have appointing authority as does the Fire Chief.

Mr. Pease was concerned about the process of selecting of salary comparisons; he pointed out that what is good for Westford may not necessarily be good for Groton. Mr. Robertson replied that 14 nearby towns were chosen based on metrics such as population size and budget (these were the same 14 towns determined to be comparable to Groton during the Town Manager's contract negotiations). Mr. Robertson said that the first step would be to discover whether the Police Chief's current compensation falls within the range evidenced by the comparable towns (within a 5% or 10% tolerance). If it is

determined that he is currently compensated higher than what is indicated by this analysis, that compensation should not be reduced. If, however, the Chief is currently underpaid based on the data, then this should be corrected. He stressed the importance of knowing where the Town wants to be (relative to sustainability metrics) in future years. Mr. Robertson believes that if a bonus is part of compensation, then it should not be added to base salary. If this policy is established for the Police Chief's contract, then it will set the tone for other negotiations going forward. Benefit options should be looked at as well; the H.R. Director may already have comparisons available regarding cost share ratios. Mr. Green said that while the Finance Committee had supported the employee merit program, they had been surprised by how it was implemented. While he was not as concerned over whether merit increases become part of base salary, he would like to clarify contract terms so as to eliminate these kinds of surprises going forward. Mr. Cunningham cautioned that individual contracts are negotiated somewhat differently; bargaining units are generally expected to give up something in order to get something. Mr. Prest agreed with Mr. Robertson that merit increases should not be added to an employee's base pay, but should be a one-year reward for a single year's performance. He said that while Groton's health insurance cost share ratio is 80/20, the school district offers 85/15 and includes dental benefits. He had recently spoke with the Town of Concord whose benefit ratio is much lower than Groton's. Concord's experience indicates that it is very difficult to implement more favorable cost share splits, however, unions are sometimes open to establishing a less favorable split for newly hired members. Mr. Petropoulos reminded the group to keep their comments centered on the Police Chief's contract. Mr. Pease noted that the Chief is a leader and assumed that the Selectmen want him to act as a leader and not just as a manager. The current Chief champions this idea and inspires a loyal following within his department and within the Town as a whole. The Selectmen should challenge him to be instrumental in developing new overall compensation expectations for the Town. By including him as part of the vision and not just as a victim, a more collaborative tone is set. He reminded the group that no employee is indispensable. He went on to say that municipalities should not simply rely on their ability to raise the tax levy as an excuse for over-compensating employees. Mr. Petropoulos agreed with Mr. Pease.

Mr. Robertson pointed out that Department Heads should be willing to accept some risk relative to their compensation. They are helping to drive their departments in a specific direction while attempting to achieve major objectives. If they succeed, they probably merit a larger increase than support staff might expect. Conversely, if they are not successful, they might not receive any increase at all. Perhaps this kind of dual compensation structure should be considered for the Police Chief as well as other Department Heads. Mr. Robertson thought that the Chief could be compensated for a percentage of some budgetary savings he finds for the Town. Mr. Degen would like to see how the Police Chief's compensation currently compares to other towns; if he is below the median, he should be brought into that range. But once it is established that he is compensated fairly, increases should be limited to 2.2%, tied to measurable achievements, and structured as a one-time bonus (not added into the base salary).

Mr. Petropoulos suggested that reduction of overtime expenses would be a worthy contracted goal. Mr. Hargraves felt that this could injure department morale if it is felt that the Chief was reducing the earnings of his officers in order to increase his own bonus. He added that it is not always useful to try to run a town like a business. Mr. Petropoulos agreed that a CEO who benefits at the expense of his firm would not get re-hired; it is always important to balance objectives. Mr. Prest said that dysfunctional behavior must be avoided in both the public and private sectors. Mr. Robertson believes that the Police Chief could identify useful goals that would not impact morale, such as spending within his budget limits, or reducing sick

hours (which will directly impact overtime costs). This approach will provide a measurable goal, protect services to the Town and save money. Mr. Petropoulos agreed that the Town should be willing to address abuse of sick time so as not be a hostage to bad practices. Mr. Hargraves felt that the Town Manager is fully aware of those who abuse sick time; this has to be handled carefully. Mr. Petropoulos agreed with Mr. Hargraves, but said that it is still worth addressing.

Mr. Petropoulos would like to consider benefit cost share changes. He cautioned that he does not want to save money in one category (health insurance) only to spend it in another (wages). Mr. Cunningham replied that sometimes such a spending shift is useful when laying the groundwork with unions. Mr. Robertson said that these are two different analyses that must be looked at. Ms. Eliot would like to try to focus on benefit changes for incoming employees. Mr. Pease said that one of the Chief's goals could be to assist in developing sustainable union benefits. Mr. Haddad noted that the Police Chief has current objectives that he is working on, which will expire in October. Mr. Petropoulos would like to determine how to tie the Chief's goals to his contract. The challenge, according to Mr. Pease, will be aligning contract expiry dates with fiscal budgeting and employee review dates. Mr. Degen asked whether funding for an increase in this contract had been set aside in the Finance Committee's approved budget for FY17. The Town Manager indicated that 3% was included in the police salary budget. Mr. Robertson informed the group that the Personnel Board is working on the salary comparison data and is scheduled to meet next Wednesday. Mr. Haddad will distribute the summarized analysis as soon as it is available.

Mr. Degen left the meeting at this time. (7:48 a.m.)

On a motion by Mr. Cunningham seconded by Mr. Schulman, the Board of Selectmen voted to adjourn their Executive Session at 7:50 a.m. The Vote – Mr. Schulman: Aye, Mr. Petropoulos: Aye, Mr. Cunningham: Aye, Ms. Eliot: Aye

On a motion by Mr. Pease, seconded by Mr. Robertson, the Finance Committee voted to adjourn their Executive Session at 7:50 a.m. The Vote – Mr. Green: Aye, Mr. Pease: Aye, Mr. Prest: Aye, Mr. Robertson: Aye, Mr. Hargraves: Aye.

Respectfully submitted,

Patricia Dufresne, Recording Secretary