
BUFFALO FISCAL STABILITY AUTHORITY
Meeting Minutes - February 17, 2011

The following are the minutes of the Special Meeting of the Board of Directors of the Buffalo Fiscal Stability Authority (“BFSA”) held on Thursday, February 17, 2011, in the Buffalo Market Arcade Complex. The meeting was called to order at 12:10 PM.

Board Present: Arthur, Brown, Collins [proxy], Floss, Johnstone, Mesiah, and Olsen

Board Excused: Giardino and Townsend

Staff Present: Link, Miller, Mobley and Mongold

Additionally Present: Mr. Paul Braunsdorf, Esq., Harris Beach, PLLC

Opening Remarks

Chair Olsen called the meeting to order. He noted that the meeting had been called to address a singular item: consideration of the proposed collective bargaining agreement (“CBA”) between the Buffalo Urban Renewal Agency (“BURA”) and Civil Service Employee Association Local 815 (“CSEA Local 815”).

Chair Olsen requested Secretary Arthur to perform a roll call.

Roll Call of Directors

Secretary Arthur called a roll of the Board and determined that a quorum was present. The meeting commenced.

Erie County Commissioner of Parks, Recreation and Forestry, Mr. James Hornung, represented County Executive Chris Collins in accordance with Subdivision 1 of §3853 of the Buffalo Fiscal Stability Authority Act, which reads, “...*The Mayor and the County Executive shall serve as ex officio members. Every director, who is otherwise an elected official of the City or County, shall be entitled to designate a single representative to attend, in his or her place, meetings of the Authority and to vote or otherwise act in his or her behalf. Such designees shall be residents of the City of Buffalo. Written notice of such designation shall be furnished prior to any participation by the single designee...*”

BURA Issues

Collective Bargaining Agreement with the CSEA Local 815

Chair Olsen advanced the agenda to the single item for consideration on the agenda: a proposed CBA between BURA and CSEA Local 815. He noted that BFSA’s staff would present information on the CBA and that representatives from BURA were on hand to address questions, if needed.

Executive Director Jeanette M. Mongold addressed the Board. She provided the following information:

Background

BURA's management has requested that the BFSA approve a proposed CBA with Civil Service Employee Association Local 815, BURA unit. Further, BURA's management has requested concurrent approval of salary increases for non-represented BURA employees.

- All of BURA's unionized employees are members of CSEA.
- The proposed CBA affects 51 budgeted positions, of which 45 are currently filled.
- It replaces a prior labor agreement which was effective July 1, 2001 through June 30, 2004.
- The proposed CBA is effective from July 1, 2004, through June 30, 2013.
- All prerequisite approvals have been obtained. The represented employees approved the CBA in December of 2010. The BURA Board of Directors unanimously approved the CBA in January of 2011.

Key Provisions: Salary Increases

- Note: The BFSA's imposed wage freeze was in effect from April 2004 through June 2007.
- The proposed CBA contains:
 - 0% salary increases from July 1, 2004, through June 30, 2008;
 - A \$2,000 base salary retroactive to July 1, 2008;
 - A 2% increase retroactive to July 1, 2009;
 - A 2% increase retroactive to July 1, 2010;
 - A 2% increase on July 1, 2011; and
 - A 2% increase on July 1, 2012.
- The \$2,000 base salary increase represents an average increase of 5% for represented employees, or 1.25% over four years.
- The \$2,000 base salary increase represents an average increase of 3.7% for the exempt employees, or just under 1.0% annually.

Key Provisions: Health Insurance Reforms

- All employees will be moved to a single carrier healthcare plan. The healthcare plan is a lower cost plan. The move is consistent with similar moves in recent CBAs approved by BFSA.
- A 105(h) flexible spending plan will be provided to all employees. The flexible spending plan will be funded with 50% of the savings achieved through the switch from the higher healthcare plan to the new lower cost plan.
- Contribution rates: All active employees will now contribute toward the cost of the healthcare premium. Previously, employees hired prior to year 2000 paid no contribution toward the cost of the health insurance premium. Active employees will now contribute toward the health insurance premium, as follow:
 - Current employees will contribute 20% of the cost of a single health insurance plan or 15% of a family health insurance plan;
 - New hires will contribute 25% of the cost of a single health insurance plan or 20% of a family health insurance plan.
- Contributions at retirement: The vesting period has changed significantly.
 - Previously, retired employees who were vested in the New York State retirement system and who had at least ten years of BURA employment or ten years of combined BURA and other City of Buffalo employment received virtually free healthcare until the age of 65 when they were required to enroll in Medicare Part A and Part B.
 - The proposed CBA provides graduated vesting periods. All current employees will continue to contribute toward the cost of their health insurance premiums at the active employee rates. All new hires after the ratification of the CBA will have additional contributions toward the healthcare premium upon retirement.

- Contributions at retirement: The retiree contribution rates have increased significantly.
 - Current employees will contribute between 15% and 40% of the cost of their health insurance premium (family coverage) upon retirement.
 - New employees will contribute between 40% and 70% of the cost of their health insurance premium (family coverage) upon retirement.
 - Employees with less than ten years of service will no longer receive any health insurance upon retirement.
 - Note: Medicare Part A and B provisions begin at age 65. Payment of Part B coverage is the responsibility of the employee.

Additional Provisions: Paid Leave Policy Reforms

- Personal Days: Current employees will now receive five personal days a year instead of six. New hires will be entitled to a maximum of four personal days after the completion of three years of service.
- Vacation/ Paid Time-Off: New hires will now earn up to twenty vacation days, compared with the previously provided twenty-five. Additionally, summer hours have been eliminated, which had been provided between July 1 and the first Monday of September.

Miscellaneous Contract Terms Clarified (Represented Employees)

Various contract terms have been “cleaned up” in the proposed CBA, as follows:

- The domicile and residency requirement for the duration of employment for new employees and those seeking promotions.

Director Arthur requested further clarification regarding the domicile and residency requirements. Ms. Mongold replied that the contract term had previously included “domicile only.” The proposed CBA revises the term to be “domicile and residency.” Employees must meet domicile and residency requirements within the City of Buffalo to be hired and to be promoted, which is intended to clarify legal language to mean that an employee’s primary residence must be within City limits.

Ms. Mongold continued her presentation.

Miscellaneous Contract Terms Clarified (Represented Employees - continued)

- The in-lieu-of-health-insurance payment increased from \$60 to \$100 a month for family coverage and \$26 to \$60 a month for single coverage;
- Employees can accumulate up to 300 sick days and have a payout option of up to 150 days at a 1:3 ratio. Unused sick leave beyond 150 days may be applied to employees’ service credit;
- Employees may sell back up to two weeks per year of unused vacation accruals;
- Eligible employees will receive payment for safety shoes, \$125 annually increasing to \$140 annually in 2012;
- Employees continue to received thirteen paid holidays annually; and
- Employees will continue to receive one day of additional pay in the subsequent quarter if no sick leave is used in the previous quarter.

Miscellaneous Contract Terms Clarified (Exempt Employees)

- Similar terms provided under the proposed CBA can be extended to the exempt employees on a “not-to-exceed” basis.
- There are currently 27 budgeted exempt employee positions with 16 of those positions filled.

Ms. Mongold concluded her overview of the proposed CBA. She asked Principal Analyst Bryce Link to provide additional summary of the CBA.

Mr. Link addressed the Board. He provided the following information:

Impact on the Financial Plan

- All costs and savings are through the end of the current Financial Plan, ending in fiscal year 2014.
- Total salary costs are not to exceed \$1.8 million. Salary costs can be broken down into two “buckets”: Covered Employees total \$1.3 million while Exempt Employees total \$483,000.
- All other increases due to the new terms of the CBA total \$36,000. These includes the following:
 - Auto Allowance – \$16,011;
 - In-lieu-of-healthcare payments - \$9,600;
 - Vacation sell-back, overtime, and attendance - \$9,000; and
 - Safety shoe allowance - \$1,680.
- Cost increases are offset by some health insurance savings. These include the following:
 - Moving all employees to the lower cost POS 204 health insurance should provide a savings of up to \$130,000.
 - Increased costs are further offset by the increased health insurance premium contributions from new hires. This will provide an additional \$15,000 of savings.

Additional Funding

- BURA has approximately \$1.871 million of available resources to cover the costs associated with the proposed CBA.
- Years 33, 34, and 35 of CDBG funding represents prior fiscal year awards. Surplus funds from these fiscal years have been carried forward and can be used for administrative costs.
- Year 36 represents six months of savings from unfilled vacancies, totaling \$311,000.

Ms. Mongold noted that BFSAs has had discussions with BURA management regarding the fiscal year 2012 Executive/Presidential budget proposal which includes a 7.5% reduction in total Community Development Block Grant (“CDBG”) funding. The potential decrease in federal CDBG funding is not seen as problematic to the affordability of the CBA, given the availability of previously awarded and available funds, as previously discussed.

Net Impact

- The CBA costs a total of \$1.833 million through fiscal year 2014. The total savings over this period totals \$145,000.
- The net increase over the course of the financial plan is \$1.688 million. BURA has \$1.871 million in available resources for personnel and administrative costs which more than offset the cost increases associated with the CBA.

Ms. Mongold noted that the savings associated with the proposed CBA are not significant within the constructs of the current four-year financial plan. However, the CBA provides significant structural changes which will facilitate long-term savings. The health insurance reforms will allow BURA greater control over their Other Post-Employment Benefits (“OPEB”).

Mayor Brown took the opportunity to commend the union leadership of CSEA Local 815 as well as the City management who negotiated the CBA with the union. He noted that the negotiated contract was very responsible. The union has negotiated a contract which provides the employees well-earned raises while providing some short-term and significant long-term cost savings for taxpayers. The contract is a model contract and is “win-win” both for the represented employees as well as the taxpayers. The union leadership negotiated diligently and aggressively but was still very mindful of the needs of the taxpayers. The CBA is viewed as a model to be followed in the future in the negotiation of other CBAs.

Director Arthur offered a motion to approve Resolution No. 11-01, “Approval of Buffalo Urban Renewal Agency Collective Bargaining Agreement and Approval of Changes to Terms for Exempt Buffalo Urban Renewal Agency Employees.”

RESOLUTION 11-01

APPROVAL OF BUFFALO URBAN RENEWAL AGENCY COLLECTIVE BARGAINING AGREEMENT AND APPROVAL OF CHANGES TO TERMS FOR EXEMPT BUFFALO URBAN RENEWAL AGENCY EMPLOYEES

WHEREAS, Chapter 122 of the Laws of 2003, Section 3858(2)(e), requires that during a control period the Buffalo Fiscal Stability Authority (“BFSA”) shall review and approve or disapprove any collective bargaining agreements (CBAs) binding or purporting to bind the City of Buffalo (“City”) or any of the Covered Organizations; and

WHEREAS, Chapter 122 of the Laws of 2003, Section 3858(2)(h) requires that during a control period the BFSA may review approve or disapprove any contracts or other obligations binding or purporting to bind the City of Buffalo (“City”) and the Covered Organizations; and

WHEREAS, the BFSA is required to promptly review a CBA that is submitted to it and shall disapprove any collective bargaining agreement that is not in compliance with the approved financial plan; and

WHEREAS, Buffalo Urban Renewal Agency (BURA) and the Civil Service Employees Association, Inc., Local 815 (CSEA) commenced negotiations and fully and completely bargained with respect to the terms and conditions of employment of union members; and

WHEREAS, on December 29, 2010, the members of CSEA approved the CBA as entered into between CSEA and BURA on December 22, 2010; and

WHEREAS, the Directors of the Board of BURA approved the CBA on January 13, 2011; and

WHEREAS, BURA’s past practice is to extend identical terms of negotiated labor contracts with CSEA to its exempt (i.e., non-represented) employees; and

WHEREAS, BURA intends to extend identical terms of this particular CBA to its exempt employees at BURA’s discretion; and

WHEREAS, the extension of such terms to BURA’s exempt employees represents contracts or other obligations binding or purporting to BURA as defined by Chapter 122 of the Laws of 2003, Section 3858(2)(h); and

WHEREAS, BURA submitted such agreement with supporting materials to the BFSA for approval under Section 3858(2)(e) of the Act, and has complied with all information requests of the BFSA; and

WHEREAS, the agreement provides for salary increases that are in accordance with the approved 2011 – 2014 financial plan; and

WHEREAS, the agreement provides for certain savings and increases to productivity through such modifications including various changes to health insurance, transitioning to a lower cost health insurance plan, and health insurance contributions in retirement for both active and new employees; and

WHEREAS, the agreement provides for the terms and conditions of employment for the period from July 1, 2004, through June 30, 2013, and supersedes any other terms and conditions for that period, including any changes due to contract, interest arbitration, judgment or otherwise, now in effect or hereinafter existing; and

WHEREAS, BURA will pay for the increased costs of this CBA through the use of existing resources in the current budget and four-year financial plan.

NOW THEREFORE BE IT RESOLVED, that the BFSA does hereby approve the aforementioned agreement between BURA and CSEA, which is effective for the period from July 1, 2004, through June 30, 2013; and

BE IT FURTHER RESOLVED, that the BFSA does hereby approve the extension of the provisions to the exempt employees of BURA as provided under the CBA as presented.

This resolution shall take effect immediately.

Chair Olsen joined the Mayor in congratulating all parties responsible included Mayor Brown for the negotiation of the CBA. He noted that it was an ironic day to be meeting to consider the proposed CBA given the radical changes proposed in the state of Wisconsin where cuts in public employees' pay, pensions, and collective bargaining rights are being considered. The proposed CBA goes a long way toward addressing long-term costs and will be considered as a standard for evaluating future CBAs considered by the Board, particularly given the financial status of the City of Buffalo, the Buffalo School District and the other Covered Organizations.

Chair Olsen noted that the terms of the proposed CBA are more indicative of the terms the Board would like to see in future CBA's.

Director Arthur noted that the motion required a second to be considered.

Mayor Brown offered a second to the motion.

Resolution No. 11-01 was approved 7-0.

Privilege of the Floor

Chair Olsen offered attending members of the audience the opportunity to address the Board regarding the meeting's agenda.

BURA Unit President of CSEA Local 815, Ms. Pamela Walker-Jarmon addressed the Board. She noted that the union is very mindful of the current precarious situation of federal CDBG funds and the potential impact on the City of Buffalo. She thanked the Board for considering and approving the CBA.

Adjournment

Director Arthur offered a motion to adjourn. Chair Olsen seconded the motion. The Board voted 7-0 to adjourn.

The Board adjourned at 12:32 PM.