

CITY OF BURTON
SALARY COMMISSION MEETING MINUTES
OCTOBER 18, 2011, 5:00 P.M., COUNCIL CHAMBERS
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The Meeting was called to order by Chairman Mike Ellithorpe at 5:05 p.m.

MEMBERS PRESENT: Ellithorpe, Delduca, Hoffmeyer, Howser, Dunsmore, Douglas and Gorang.

MEMBERS ABSENT: None.

OTHERS PRESENT: Mayor P. Zelenko and J. Adams, City Clerk.

PURPOSE OF THE MEETING: Discussion regarding the following:

- 1. Appoint a Chairman for the Board.**
- 2. Set a schedule and begin deliberations.**

PRESENTATION:

Mr. Ellithorpe said the first thing on the agenda is to appoint the Chairman of the Board.
Mr. Gorang stated he recommends Mike Ellithorpe with the most experience.

Gorang moved and Douglas seconded the following motion:

Approve and authorize Mike Ellithorpe as the Salary Commission Chairman.
Motion carried, 6-0. (Mrs. Hoffmeyer was not present for this motion).

Mr. Ellithorpe said the Board could set another meeting if they need one. We can make a motion if we want to have any increases or to leave them as is. Any questions we have can go back to the City Clerk to have questions looked into, or to check further back of other salaries, we have those options. It is not a cut and dry situation.

Mr. Gorang inquired if they have the current information as to what the salaries are so we know where we are starting.

Mayor Zelenko said we have a request of the Michigan Municipal League on some comparisons. We were told they wouldn't be ready till Wednesday to be sent to us. We also requested the Public Act 312 formula of comparisons as well. In speaking with Mr. McArdle and Mr. Abbey the Public Act 312 comparisons were presented to you in the past.

Mr. Ellithorpe inquired as to the current Mayor's salary.

Mr. Gorang said as of 2005, it was \$71,500.

Mr. Ellithorpe inquired as to the Council's salary.

Mayor Zelenko replied Council's salary is \$9,500 and the Council President is \$10,000.

Mr. Ellithorpe asked the Mayor if she has a presentation.

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Mayor Zelenko indicated she does not have a presentation. She feels somewhat uncomfortable because she is the Personnel Director, the Mayor, Parks & Recreation Director and the Purchasing Agent as well, so she feels uncomfortable advocating for her own salary. She suggests there be no raises across the board. She will get the Commission those comparisons. Port Huron has gone from a strong Mayor situation down to a City Manager. That is one of the things you have to consider is the Mayor form of government. We have a strong Mayor form of government here. It is difficult to get comparisons unless you have populations that are way up over 50,000. We are one person shy of 30,000.

AUDIENCE PARTICIPATION: None.

COMMISSION DISCUSSION:

Mr. Ellithorpe re-iterated to the Commission they could act upon a raise for the Mayor's office, the City Council members or we could determine no raise is needed at this time. We can ask the Mayor or City Clerk for any information you may have questions on.

Mr. Howser said the Mayor has stated she is covering her position plus 4 other positions.

Mayor Zelenko said at the present time we are because we have a purchasing agent on disability sick leave and a personnel director on sick leave. The purchasing agent was also our Parks & Recreation director as well. That is a temporary situation so whomever the Mayor ends up being, we will be able to fill those positions. It just happens that the timing of the salary amounts that are available in the budget won't be available until after November 1st to fill those positions.

Mr. Howser said he wanted to see if these positions would be filled or duties that are doubly covered by the Mayor as well.

Mayor Zelenko said the purchasing agent and the personnel director would be filled shortly after the November election. I could do that November 1st, but given the election, I think we should wait the extra week to find out who the Mayor is going to be and let that Mayor do it. The Park & Recreation Director, I think I would look at someone from the community to stepping up into that position as a volunteer position to take some of the workload off of our purchasing director. There are a lot more duties that have been added to the purchasing director position.

Mrs. Hoffmeyer is now seated on the Board. Mr. Ellithorpe briefed her on what was discussed.

Mr. Ellithorpe said one thing we did in the past is to compare what has happened with the union raises they may have had or cost of living. We have not met since 2003 so there has been an 8-year gap. Mr. Ellithorpe inquired regarding any figures of other employees.

Mayor Zelenko said it depends on what category you are going to talk about. The majority of the employees for the last 3 years received an average of a 3% raise. Our administrators that are Charter appointees are set by ordinance and that has not changed since 2009.

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Mr. Gorang asked if there is a time limit on making the recommendation.

Mr. Ellithorpe said as far as he remembers, we need to make a recommendation by the end of the year. We can schedule another meeting if you desire or have everything done tonight if everyone is in agreement upon what we want; a raise or no raise at all.

Mr. Howser said they couldn't meet for a maximum of over 15 times.

Mr. Ellithorpe replied that is correct.

Mr. Howser said although there is not a direct urgency, it is not something we can just post-pone meeting to meeting.

Mr. Ellithorpe said it is the discretion of the Mayor to call our salary committee to meet.

Mayor Zelenko said the ordinance states the Salary Commission should meet in the odd years. In November is traditionally when it takes place. Because of the economic times, we are trying to get a feel for our budget and asked that you to come together a little early to find out where you feel we are going to help us get our budget ready. Whatever action takes place, it does matter if you do it before the election this November 8th or after the election. The only one it is going to affect is the Mayor's salary. State Law dictates you can't change the salary of a sitting council. So these salaries for the Council if you were to change them, wouldn't take affect till 2013, if you do this before this November's election. If you do it after November's election, it would be another 2 years out to 2015 because you have staggered terms on Council. You can't pay part of Council one amount, and the other another amount.

Mayor Zelenko stated further, she personally would like to see the Commission make a decision before November 8th. It would give us direction in setting our budget for the upcoming year and put at bay some of the other tensions going on throughout the County.

Mr. Ellithorpe thanked the Mayor for allowing them to do this before that time because it is important for the budget of the City.

Mr. Dunsmore inquired as to the cost of the benefit package of the Council members.

Mayor Zelenko expressed that the Commission just deals with salaries. The benefit package is set by ordinance. Whatever the Charter 5 is offered in the ordinance, that use to be 68-C but is now 30.03, whatever is offered there is extended to Council as well. Currently you only have 2 council members that take health care benefits. They all have 401Ks, as do I. She does not take the MERS pension, only a 401K.

Mr. Howser inquired if the 401K is the Mayor's own money.

Mayor Zelenko replied partly. The City does contribute a percentage and she contributes also.

Mr. Howser asked for clarification that Council benefits can only be changed by the Charter.

Mayor Zelenko replied it is by the ordinance.

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Mr. Dunsmore asked if the current budget is going to be able to handle these salaries as they stand now without it being a problem.

Mayor Zelenko responded yes. She would be very nervous if you were to offer an increase.

Mr. Douglas asked for the State of the City as far as the budget and if there are more cuts on the way.

Mayor Zelenko stated in response, we are holding our own right now. The problem we have is all the changes that are happening at the State level. You are all aware of our property values that have decreased, therefore, it decreases the amount of property taxes that we collect. Where 1 mill use to generate over \$600,000 dollars, now it generates \$575,000. It has been quite a blow to our budget. Our Assessor is predicting we are going to see another 10% decrease in our SEVs because we still have a large portion of our properties that have not balanced out. You know how Proposal A worked with school funding and a lot of it hasn't evened out yet. So we still have that chunk to worry about. The other thing that is questionable is if the Legislature and our new Governor want to do away with personal property taxes. If that were to happen, it is going to be another \$420,000 to \$480,000 a year hit to our revenues. That revenue comes out of General Fund and where our biggest losses are when it comes to revenue being brought in. When we have a \$5.7 million General Fund budget and \$4.2 million of it is Police Department, there aren't any other places to cut. We have really done a lot of cutting here, a lot of cost savings and restructuring in our departments now and realizing some cost savings. We are doing the BS&A program for our accounting and upgraded that so now some of that information will just automatically trickle into another report and that is helping us with some of the grants and reporting on our grants, so we are cutting down on our actual handwriting out of the accounting procedures. That helped a lot and we have seen cost savings there. Everyone at the City is paid direct deposit and it has cut expenses by \$8,500 a year. It is little things like that.

Mayor Zelenko stated further, it has been a very big challenge. Looking into the future there is a possibility of losing another ½ million and maybe even close to a million, \$800,000 in revenue; mostly General Fund revenue, depending on what is going to happen in Lansing and what they are going to hand down to us.

Mr. Douglas said I know you have a lot on your plate and you have taken charge of a lot of things a Mayor shouldn't have to do. In the future, do you have any plans of acquiring a City Administrator to help you in your duties as Mayor?

Mayor Zelenko responded that 70% of what I am dealing with now is personnel matters, just the daily personnel matters. Once we have a personnel director back in place, we will be able to get the Mayor back out doing a promotion of the City and getting in touch with other communities and not trying to re-invent the wheel, so you can see what other communities are doing. We are not alone here in Burton, we are going through the same thing most communities are going through right now.

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Mayor Zelenko stated further, getting that personnel manager back on task to help with managing personnel, union negotiations with all of our bargaining units; all those contracts expire next June. It will help a lot to have that personnel manager back in there.

Mr. Douglas asked the Mayor if the union contracts are negotiated between her and the unions. Mayor Zelenko said they are negotiated between the administration and the unions. The personnel director is the lead negotiator.

Mr. Douglas asked if the negotiations are open to the public. Mayor Zelenko replied no.

Mr. Hoffmeyer asked if there is nothing we can do about the Council's benefit package. Mayor Zelenko stated it is set by ordinance.

Mr. Dunsmore asked for clarification that the employees received raises the last couple of years and is expecting a raise next year as well.

Mayor Zelenko replied all the union contracts expire June 30th of next year. They received the last 3% of their raise in their last union contract. Some of those bargaining units have taken some concessions on the payouts of their personal days, vacation days, and they are coming to the table. They realize and see the writing on the wall and see what is going on. They do want to help. In one bargaining unit 1.5% of that 3% raise went to their retiree health care. They are starting to look ahead. The passage of Senate Bill 7 which was commonly known as the 80-20 law, where public employees are going to have to pay more of their health care costs. The bill was based on a hard cap, a set amount of numbers. The costs of our benefits generally speaking, the health care benefits through the City, fall close to the hard cap limits. Council will have to make a decision if they want us to negotiate hard cap numbers or just the flat out 80-20. The 2 Council members that do take the health care packages will have to pay 20% of those costs out of their pockets.

Mayor Zelenko said she doesn't take any City benefits; she is covered under her husband's General Motors.

Mr. Gorang said it is a kind of a difficult situation here, a task we have here with limited funds. I feel the City is doing an excellent job with limited funds and it is difficult if the funds are not there. I think they all deserve a raise. The question is where does it come from if we do and for how long is the big question. Mr. Gorang inquired as to the current CPI.

Mayor Zelenko replied she doesn't have that information right now.

Brief discussion ensued concerning increased health costs affecting everyone including General Motors benefits and other skilled areas. Mrs. Delduca spoke regarding how it has affected their own business.

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Mayor Zelenko said the last Salary Commission action stated that the Salary Commission determined the Mayor's salary to be set at \$71,500 plus the cost of living. That equaled out to \$74,000 a year and that is what it has been since then.

Mr. Ellithorpe said we have to be careful if we say there is no raise, we have to stipulate that the cost of living would still go on. The City Council does not get cost of living. I think cost of living is fine and I hate to see that get eliminated out of this. There should be an incentive. It is pretty hard for us to authorize raises for anyone when there just isn't anything to give. It is setting a precedence here that would not be good for anyone especially the City at this point.

Mr. Gorang expressed making the decision tonight if at all possible.

Mr. Dunsmore said employees experienced raises and the Mayor has said she believes there should be no raises for Council and Mayor. We can't touch the benefit package so that is a non-issue. I think it is very reasonable to maintain the salaries where they are at with the cost of living allowance. I believe that is a must for anybody.

Mr. Gorang asked if it would be for 2 years whatever recommendation they make.

Mayor Zelenko said according to ordinance, you should be called every odd year. The next time you would be called is 2013.

Mr. Gorang said whatever we decide, he would still like to receive that other information to keep us current as to what is happening.

Mayor Zelenko acknowledged she would pass that information to the Commission.

Mrs. Hoffmeyer inquired regarding the Mayor receiving a raise and not Council. She feels Council is not a full time job but the Mayor is.

Mr. Dunsmore said he agrees with that and he has been in on a lot of administrative raises and salary packages for administrators from a school level. I don't think I have ever gone against an Administrator's wish. Mayor Zelenko stated she doesn't believe a raise is warranted at this time. It is only a 2-year factor and then after 2 years, a raise could come in. We have to respect her wishes even though I think the Mayor's job is underpaid as well.

Mr. Ellithorpe said we worked hard over the years to be able to get the Mayor's salary close in-line because it is a strong Mayor. There are supervisors and managers out there and the mayors of some of these cities is really just a council member that has the position of being a mayor. A new mayor coming in, whether the present or a new mayor, or the same with the City Council, we could have a lot of new people coming in. It is not fair to give raises out prior to someone coming in when we don't know how they are going to handle things. If you go into a new job, you either get a less salary or stay at the level they are paying now. I know there are circumstances.

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Mr. Douglas said the cost of living should be based on if the City can pay for it. If it is going to impact the City in how they pay their bills, I don't think the cost of living is something we should do.

Mr. Ellithorpe said in the past we looked at the cost of living. We look at what everybody else was getting for the cost of living and felt it was fair for the Mayor to get a cost of living at the same time; the same way whatever that is.

Mr. Dunsmore asked for the overall budget of the City.

Mayor Zelenko said the General Fund budget is \$5.7 million, which is the one that gets attacked at; \$4.2 million is police alone. We have other millage money that comes in, but the General Fund budget experiences the decreases due to tax base and the statutory revenue sharing that was eliminated. We are on track to recoup some of the statutory revenue sharing because of the economic vitality incentive program Governor Snyder put together. We have 3 different deadlines to do certain things; our financials is on the website now which was a deadline we had to meet. The other one is the 80-20 with the health care we have to comply with the law, and the other one is doing shared services among other governmental entities, which we are working to do that as well. We do some of that right now but a lot of that is not documented in writing and we have to do that. Once we meet all of those, we are on track to receive back \$171,000 of the \$250,000 some that we loss. It has been a real hard effort and a lot of us have been here late at night to pull together all those stats and paperwork for the State.

Mr. Dunsmore expressed that the cost of living of \$2,500 is a small percentage of \$5.7 million.

Mayor Zelenko said another thing you should be aware of with benefit packages, we have a payment in lieu of benefits. If you don't take the City's health care, you are eligible depending on the bargaining unit, anywhere from \$1,500 to \$2,500 payout at the end of the year to get that bonus check. A couple of us gave that up to show we are willing to make the sacrifice as well. I have given that up as well as Councilman Smith. We are hoping we can get more to give it up to show we can lead by example. I am prepared to take a cut if that is one you want to do. I don't think it is a good idea because there is so much work involved in a strong Mayor situation in these tough times and, not knowing who exactly the next Mayor is going to be, I don't think that is fair.

Mayor Zelenko said she appreciates the Commission coming together on such a short notice and the new members for stepping up, and those who have been here before for coming back.

Mr. Ellithorpe said he remembered from prior meetings that Council gets that same benefit if they don't take any benefits, they do get money at the end of the year.

Mr. Howser asked if that would take the Council's pay to \$12,000 if they got the \$2,500 in lieu of benefits.

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Mayor Zelenko said they are entitled to the full benefit of \$2,500. Some of the deliberations Council is doing on that ordinance is looking at lowering that amount down to \$1,500 for Council. Some of our bargaining units may be at \$1,250 for a single person.

Mr. Ellithorpe said he feels today the Commission did the right thing.

Mr. Gorang said we know that the Mayor and City Council members deserve much more than what we are able to give, but we are looking for our community, our budget and revenue that is here. We hope in the future when times may be better, we can adjust the salaries to what it should appropriately be for the responsibility that they do carry.

Mr. Ellithorpe said it would go to City Council for approval. They generally don't do anything. This will pass in 30 days if they do nothing. If they reject it, then we have to come back again but I don't see that happening.

Mayor Zelenko said Council could vote to reject; and no action is affirmative.

Mr. Gorang inquired as to what Council meeting that would take place.

Mayor Zelenko said at their next meeting on November 10th.

COMMISSION ACTION:

Howser moved and Dunsmore seconded the following motion:

1. Approve and authorize the Mayor's salary be frozen at its current rate with cost of living through November 2013.

Motion carried, 7-0.

Hoffmeyer moved and Douglas seconded the following motion

2. Approve and authorize the Burton City Council's current salary be frozen through November 2013.

Motion carried, 7-0.

The Commission was unanimous to adjourn the meeting at 5:45 p.m.

Julie Adams, City Clerk