

CITY OF BURTON
SALARY COMMISSION MEETING MINUTES
DECEMBER 8, 2003/5:30 P.M., COUNCIL CHAMBERS

MEETING CALLED TO ORDER BY CHAIRPERSON JIMMY KING AT 5:37 P.M.

MEMBERS PRESENT: King, West, Ellithorpe, O'Keefe

MEMBERS ABSENT: Hoffmeyer, Cills, Rowland

OTHERS PRESENT: C. Abbey, Administrator, R. Hamilton, City Attorney, J. Adams, Clerk's Office

PURPOSE OF THE MEETING: DISCUSSION AND POSSIBLE RECOMMENDATION FOR AN INCREASE OF THE MAYOR AND CITY COUNCIL SALARIES.

PRESENTATION:

Mr. Abbey stated the Salary Commission meets in odd number years and they set the salary for the Mayor and City Council for the next two years and any compensation that goes with that. In recent years, the benefit package for both the Council and Mayor have been done by City Council under Ordinance 68-C. They receive the same as the administrators as far as pension contributions, vacation days and so forth which is set forth in Ordinance 68-C. The Salary Commission has a right to address that issue if they so choose to. It has been previous Salary Commissions position that they would leave those the same as the rest of the administration officers at the City. It is strictly up to the Commission as they do have the authority to address that.

Mr. Abbey stated further it is never popular when you ask for raises. The Mayor has gone through a couple of budgets that have been tough with the State situation. It was the Mayor's position that we did not really have to call the Commission together. However, I indicated to him that he needed to at least call the Salary Commission and let them go on record whether they do anything or not for him or the Council.

Mr. Abbey said he did some comparables. We are a unique city in that we are the only strong Mayor form of government around here of cities our size or around the State. Therefore the job description of the Mayor and the function he provides is that of a city manager. The Council is pretty true to form with municipalities our size. Most Councils act on a per meeting basis. They set the agenda, pay the monthly bills and meet on a bi-weekly or monthly basis, depending on the size of the city and the activities of that city.

Mr. Abbey said he has nine city averages that comes out to \$92,000. The tax base is taken into account. The City of Burton does not have the luxury some of these other cities, even though geographically and population wise they are the same as our city, their tax base is much greater. Their industrial and commercial base are much higher than ours. You have to take all this into consideration and look around the County. There are township supervisors that are pretty comparable to what our Mayor does except they don't have the responsibilities. They do not have a DPW, road department and some of the other departments because the County provides those functions for them.

The Mayor's current salary is \$62,500 a year. A 5% raise would be about \$3,100, 4% - \$2,500, 3% - \$1,875 annually. Mr. Abbey said if the Commission chooses, to consider these raises for each of the next two years. He stated it is hard not to at least receive a CPI increase. If you are looking at somewhere between 2.6 and 3.2%, I think it is fairly consistent and reasonable. Are union employees all received 3%, all four union contracts received 3% wage increases. The City Council is a little bit different and more difficult because all the municipalities and the comparables, our City Council rate pretty well.

Mr. Abbey expressed having qualified people in these jobs. He stated he was on Council for 16 years so he knows the time involved that it takes. He thinks at the very least, a CPI increase would be in order each for the next two years to keep up with the rate of inflation.

Mr. King inquired regarding the Council's salary.

Mr. Abbey replied as of January 1, 2003, the amount of \$8,260 for a Council member and \$8,760 for Council President. The Commissions in the past have used a couple of different ways. They have used flat percentages and they have used just a flat number for raises.

Mr. O'Keefe inquired regarding Council's benefit package.

Mr. King said they receive the same benefit as all the other city employees.

Mr. Abbey said they do so if they choose to. If they have benefits from their full time employer, then they are given a \$1,200 one lump sum payment at the end of the year in lieu of health insurance.

AUDIENCE PARTICIPATION:

Pauline Dargel, 6119 Hugh St., Burton, MI, said it is her understanding wages were froze with this past fiscal year. The elected officials alone received an increase in their wages. Mr. Becker indicated to her that as of July 1st, the unions received a 2% increase.

Mr. Abbey said they received a 2% pay increase in wages and 1% rolled into their health care on retirement which was negotiated four years ago.

Mrs. Dargel said non-union employees and named administrators in the Charter have not received a pay increase, which I think it would be appropriate after listening to the Mayor tell about the cuts we've had due to the State Revenue Sharing, and the anticipation that he has for further cuts in that revenue sharing. I think it would be an equitable position to take that there would be no increase in this particular year, 2004.

COMMISSION DISCUSSION:

Mr. King inquired regarding city employees not receiving an increase.

Mr. Abbey said last year we met as a staff and one of the things we talked about was leading by example. The unions pay was negotiated and set three years ago, so obviously we were not going to change that. We suffered some fairly substantial cuts from State with these revenue sharing cuts. So we chose as a group not to modify Ordinance 68-C right away. Through the changes in our wage freeze and the positions we did not fill out of retirements, we are going to have somewhere around \$170,000 annually surplus for the year.

Mr. King asked how many employees are they talking about.

Mr. Abbey replied thirteen, which is all the charter and non-charter administrators. I spoke to the Mayor and one of the discussions was if in fact the budget comes out brighter than we anticipated, we will re-visit this. Although we did take a pay freeze for last year, I think it is the Mayor's intent to try and make some type of equity adjustment in the near future, given the outlook of the City's budget.

Mr. Abbey passed out information to the Commission members. He indicated to keep in mind the other comparables around the County. He stated you will find when you look at the overall package, the Mayor rates below those as well.

Mr. O'Keefe asked if they have the salaries for other township supervisors from Genesee and Flint Township, and Grand Blanc.

Mr. Abbey said he did not get them for this year. We do not have access to that information without doing a FOIA. Some communities are reluctant to give out their packages. He has information from the last Commission session two years ago.

Mr. West asked if the \$177,000 figure included the administration group and the Mayor's salary.

Mr. Abbey said it has nothing to do with the Mayor's salary.

Mr. King asked if the City has a reserve that it likes to hold onto.

Mr. Abbey said we are currently over 2 million.

Brief discussion followed concerning the budget and General Fund balance.

Mr. O'Keefe expressed that the Mayor's position being a strong mayor, is compatible to a city manager. No matter what size the city, no one is making \$62,000. In the minutes of the last meeting there was quite a bit of discussion as we are now, of the Mayor being under paid and in looking at salary administration compared to other cities the same size. If this Salary Commission every time they meet have this concern, but if they grant a cost of living adjustment of 2 or 3%, how would you ever get somebody's salary to where you feel comfortable of where it should be.

The Commission discussed previous Salary Commission minutes and the recommendations and actions taken.

Mr. Ellithorpe said one of the concerns we always have is going in front of City Council to act on giving the Mayor a \$20,000 a year raise. But we never have really been able to come up with something that gets him within the price range of whatever everybody else is.

Mr. King said at Consumers salary is based on three things. One is the amount of budget you control, the number of people you have working for you, and the amount of stress there is on a particular job. In the City of Burton I can't think of one that would be worst.

Mr. Ellithorpe asked for clarification on what the administrators did and when they took the action of no raises.

Mr. Abbey responded historically Ordinance 68-C controls the five administrative charter positions and seven non-chartered administrative officers. Mr. Abbey stated the positions. Ordinance 68-C states the salary and benefits until modified by ordinance. The non-charter employees are governed by a resolution that mimics the ordinance. It historically comes up annually like all the unions. If they get a 3%, traditionally that is what we have taken, they set the tone. However, last July 1st we suffered a big cut from the State and we chose collectively to not open 68-C, which essentially means you did not get a raise. We took a pay freeze but not modified by ordinance, so we just stayed at the present levels. Any time in this year, the Mayor could open that back up if he chose to for these administrative employees to give them a raise. Now that the budget has become more clear, I don't know if he is going to do that, but he has that option.

Mr. Ellithorpe inquired regarding setting the length of time.

Mr. Abbey said no because we did not open the ordinance. It will be our salaries for the next 20 years if a mayor does not propose a change.

Mr. Ellithorpe asked if it could be opened at any time.

Mr. Abbey replied it could be opened tomorrow.

Mr. O'Keefe asked if it is at the Mayor's discretion.

Mr. Abbey stated it is, but it is an ordinance so the City Council would address it. It would go to Council for two Readings. Then the Charter administrators would follow by Resolution.

Mr. West stated not being a part of the Commission until now, in looking at these figures it is an embarrassment. I think for us to have a quality person seeking a position of Mayor for this city, it is going to be hard for them to justify taking a position like that based on these numbers.

Mr. King expressed increasing the Mayor's salary to the Treasurer/Controller's salary at \$67,484.01, and then propose a 3% increase or the CPI on top of that for the next 2 years.

Mr. Ellithorpe asked for clarification that they are setting this for 2004 and 2005, and the Commission meets back again in 2005.

Mr. Abbey replied that is correct for 2006-2007.

Mr. Ellithorpe said we need to set a salary for 2004 and 2005 or we can combine it into one for both years. It is up to the Commission to make.

Mr. King said he suggests we increase it in 2004 plus the CPI. The CPI would be added to it in 2005.

Mr. O'Keefe said he believes Mr. King is coming up with Mr. Becker's salary because he is the highest paid employee in the city.

Mr. O'Keefe asked Mr. King if any Consumer employees made more than he did when he was at Consumers Power.

Mr. King said we did. It was lineman and emergencies and overtime.

Mr. Abbey said we are going to have that here too because there are sergeants and lieutenants on the police force, when you have a seven day 24 hr. operation with their overtime.

Mr. Abbey asked to clarify that they are proposing somewhere around \$4,900 this first year and a 3% or CPI in the 2nd year.

Mr. King stated \$4,900 plus a CPI, and a CPI in the 2nd year.

Mr. Ellithorpe moved, Mr. O'Keefe seconded to increase the Mayor's salary to \$68,000 for 2004.

Discussion continued. Mr. Ellithorpe said his proposal is to do this for the year 2004 and if passed, they can discuss 2005.

Mr. O'Keefe said we went over Mr. Becker's salary by a few hundred dollars. If this is re-opened up for Mr. Becker then the Mayor still makes less than one of his employees and maybe we can do that in 2005. I think we made some headway here but unless we do something this salary will never change. If that sheet is any indication of what happens around the state, the City of Burton is off the road map.

Mr. King said that is why he wanted the CPI to even the 2004. If two years from now we need to re-visit it and we want to get it back more equitable, the bump won't be so bad.

Mr. Abbey said if there is a change in Mr. Becker's salary in this coming year, I am fairly comfortable saying it would be the 2% we would have gotten in July. So that is another \$1,350.00 additional if there is a change in his salary.

Mr. O'Keefe re-iterated he likes to see the Mayor make more than his employees. To attract the best talent you want to pay a fair and equitable salary. We all agreed and it was in the minutes the last time, we looked at the sheet and you are off the chart there.

Mr. Ellithore said he would like to amend his motion for the Mayor's salary to be in the amount of \$69,500 for 2004. Mr. O'Keefe said he would second the motion.

Brief discussion followed. Mr. Abbey commented regarding dollars being limited and union negotiations coming up this July.

Mr. Ellithorpe said if we don't look at it this way, that it is a position where those kind of dollars are required, then I think we are doing an injustice too.

Mr. O'Keefe said he feels a 9% raise is pretty good and it is going in the right direction.

Discussion continued regarding cost of living. Mr. West said he would like to see a CPI plus the salary.

Mr. O'Keefe said in the minutes he would like it to reflect that we recognize that we want to make some adjustment in the salary on a yearly basis till we get to a point, whoever is mayor, is making the right amount of money.

Mr. King expressed having a flat percentage point.

Mr. O'Keefe said in the minutes he would like to see it broken up so somebody could understand our rationale with the cost of living and a lump sum added to the salary.

Mr. Ellithorpe said if we take a 3% cost of living on his salary of \$69,500, it would be \$2,085.00. So again you are just getting up to cost of living and nothing more, and you fall right back into the position again.

Mr. West expressed to have read into the minutes they feel the position is still grossly under paid comparatively, we would like to have a 3% raise in 2005 plus a CPI.

Mr. Ellithorpe said that would set our salary for 2005 at whatever we want. We can put in the increase plus cost of living and that would be the salary for 2005.

Mr. O'Keefe said it is important if someone reads these minutes whether next week or a year from now, that they understand what the thought process was in this group. We are looking at cost of living and we have a position that is discussed year after year and it is not up to the comparison of like positions around the state.

Mr. O'Keefe said he would like to make a motion to set the Mayor's salary at \$71,500 for the year 2005 plus cost of living .

Mr. King addressed Council's salary.

Mr. Ellithorpe asked Mr. Abbey if he feels the Council is paid the top of the nine municipalities he reviewed. I know some are paid by meetings and some a flat rate.

Mr. Abbey responded they are probably in the 90 to 95-98 percentile of their classifications.

Mr. Ellithorpe inquired further as to the number of new council persons.

Mr. Abbey replied there are two new councilman.

Mr. Abbey stated the Commission is setting the salaries for both the Mayor and Council for the next two years. The only thing that would change is if the Council felt they were out of line and overturn that within the next 30 days.

Mr. West said we are pushing to get the Mayor's salary not even up to the top of the level, and here we are going to talk about an increase for a group that is at the top.

Mr. West inquired regarding the Council's increase last year when administrators took a freeze last year.

Mr. Ellithorpe said their increase was 3.4 %.

Discussion following regarding the number of Council meetings and committee meetings council people attend.

Mr. Abbey said Council should at least be given a CPI increase. Our city is doing very well. It is hard to get good quality people to run for city council.

Mr. O'Keefe said it is easy to say 2, 3, 4 percent, but when you have \$8,200 it is a small percentage. Five percent is \$400 and when they are doing 40 meetings a year, how much of an increase is that for them. What is somebody's time actually worth. You have to weigh things out. That is a lot of dedication for \$8,200 a year.

Mr. Abbey said if they took your analogy and just added the same percentage you gave the Mayor, roughly close to 9%, that would take them in the first year at about \$9,000.

Mr. O'Keefe said he lives in the city and wants to be able to attract the best people to run for council. I know a lot of people are not doing it for the money part but on the other hand, you still need to pay somebody for their time. Forty meetings a year for \$8,200, that is a pretty good commitment from somebody.

Mr. Abbey stated from his 16 years experience, the number of meetings they attend are only part of the equation.

Discussion continued regarding setting Council's salary.

Mr. O'Keefe discussed making a motion for Council to have a flat salary at \$9,000 for the year 2004, with the Council President's salary at \$9,500. For the year 2005 Council salary at \$9,500 and Council President at \$10,000.

Mr. King stated he thinks it is too steep. I understand the logic and rationale, but we start attracting council people that will be coming from all over the state because we will be the highest paid council. He has difficulty with it.

Mr. Ellithorpe said this is part time and most have a full time job.

Mr. King said there is concern of negotiating new contracts and how all this might way in on that.

COMMISSION DISCUSSION ACTION:

Ellithorpe moved and O'Keefe seconded the following motion:

1. The Salary Commission has determined to increase the Mayor's salary to \$68,000 for the year 2004.
No action taken on the motion.

Ellithorpe moved and O'Keefe seconded the following motion:

2. The Salary Commission has determined the Mayor's salary will be in the amount of \$69,500 for 2004.
Motion carried, 4-0.

O'Keefe moved and West seconded the following motion:

3. The Salary Commission has determined to set the Mayor's salary at \$71,500 for the year 2005 plus the cost of living.
Motion carried, 4-0.

COMMISSION ACTION:

Ellithorpe moved and O'Keefe seconded the following motion:

1. The Salary Commission has determined the Mayor's salary will be in the amount of \$69,500 for 2004.
Motion carried, 4-0.

O'Keefe moved and West seconded the following motion:

2. The Salary Commission has determined to set the Mayor's salary at \$71,500 for the year 2005 plus the cost of living.
Motion carried, 4-0.

O'Keefe moved and West seconded the following motion:

3. The Salary Commission has determined Council has a flat salary of \$9,000 for the year 2004, and Council President at \$9,500. For the year 2005 Council's salary at \$9,500 and Council President is \$10,000.
Motion carried, 4-0.

Meeting adjourned at 6:44 p.m.

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