

Operations and Government Committee Minutes

March 14, 2018

Members present: Councilman Matt Bell, Councilman Timothy Dixon, Councilman Will Morrisey.

Others present: City Manager David Mackie, Human Resources Director Kay Freese, Police and Fire Chief Scott Hephner, City Clerk Stephen French, Ted Jansen, Jack McLain, Chris Sumnar, Penny Swan.

The meeting was called to order at 5:30 p.m.

Minutes of the February 26, 2018 meeting were moved by Councilman Bell, seconded by Councilman Morrisey, and passed unanimously.

Councilman Bell advised the Committee that he would need to leave the meeting early for other business. Accordingly, Chairman Morrisey recommended that the order of business be changed, so that the members of the public would speak after the City Manager's contract discussion. Members agreed to the change.

Under Old Business, the Committee continued discussion of the City Manager's contract, beginning with the two items on City Manager Mackie's contract proposal that the Committee had not been able to address at the previous meeting: the 457 Plan and the severance package.

On the 457 Plan, City Manager Mackie said that the matter of putting the payment at 15% of base salary had been discussed when his current contract was being negotiated, but the 10% figure was the one that was agreed upon. He is reopening the matter now.

In answer to a question from Councilman Bell, Human Resources Director Freese said that senior staff members currently have a payment level of \$500 per annum. City Manager Mackie observed that there is a difference between senior staff and the City Manager, inasmuch as the City manager is a contract employee, whereas senior staff are regular employees.

On the severance package, City Manager Mackie is asking for a one-year package instead of the current three-month package. Due to the many criticisms that he receives from the public in the course of his job, he would like assurance that the Council would not terminate his contract without careful consideration of the financial consequences of that action.

Chairman Morrisey then asked Committee members if there were any questions they had for City Manager Mackie, and if they had any stipulations that they would place in the contract.

Councilman Bell had three proposals:

1. A 4% per annum raise, on the basis of the current salary of \$96,900. This raise would be tied to initiation of a road project, the parameters of which the Committee will need to discuss at the next meeting. Councilman Bell stated that citizens are eager to see steady progress on the

roads, and this is a performance-based standard that can be readily measured. He added that this formula would raise the City Manager's salary incrementally up to \$127,000 at the final year of the contract.

2. A \$125,000 cap on compensation.
3. There would be language in the contract to the effect that the City Manager is encouraged to reinforce a culture of obeying the City Charter. Councilman Dixon objected to this, saying that employee contracts should be restricted to wages and expectations, and that extra language only leads to complications. Councilman Bell said that this would fall under the category of expectation. Chairman Morrissey said that all City employees, whether elected, contracted, or regular employees, are required to obey the Charter, so the addition of such language should be unobjectionable.

City Manager Mackie remarked that if the performance parameter were added, the definition of "road project" would need to be precisely defined.

On the compensation issue, he indicated that he is asking for a baseline higher than the current salary. He bases this request on his job performance during the first three years of his employment. His accomplishments include obtaining substantial state grants for road projects and other projects, and efforts above and beyond what the Charter requires of the City Manager.

City Manager Mackie also proposed that he would be open to changing from the current 457 Plan to a 401-K type of retirement plan. By his calculations, this would save the City \$4,200, as per federal tax law. Councilman Bell endorsed this proposal and complimented the City Manager in finding this new approach to retirement compensation.

Chairman Morrissey summarized the points agreed to, so far:

1. A seven-year contract, it being understood that this left open the option of the City Manager leaving his position voluntarily and the option of the City Council removing him from office, as is the case with the current contract.
2. No bonus structure.
3. No health insurance.
4. \$250 per month for mileage reimbursement, replacing the current contract's per-mile reimbursement; this will make reimbursement easier to administer.
5. Raising the DB Plan multiplier from 2.25% to 2.5%.

This leaves three items on City Manager Mackie's list of proposals to be considered at the next meeting: compensation, COLA/raise, and severance. Also, the performance-based criterion for the annual raise and the expectation of encouraging compliance with the City Charter are still up for further discussion.

Members agreed that the next meeting shall be held on Thursday, April 5, 2018 at 5:30 p.m, at City Hall.

Councilman Bell left the meeting at 6:15.

In the public comments section of the meeting, several audience members spoke.

Mr. Ted Jansen opposed the requirement of tying compensation to street projects and also opposed the City Charter clause. He recommended a \$105,000 salary, with a six-month severance period. He also recommended a penalty for quitting the job.

Mr. Jack McLain requested that the agenda for Operations and Government Committee meetings be placed on the City website, and also requested that the minutes be placed on the website in a timely manner. Chairman Morrissey said that he writes the minutes and circulates them to Committee members and to the City Manager for their correction; the minutes must then be approved formally at the next Committee meeting before they can be placed in the City Council meeting packet for final approval.

Mr. McLain also stated that any bullying of the City Manager or other City employees by local residents should be firmly discouraged.

Mr. Chris Sumnar endorsed the City Manager's compensation proposal, stating that a \$13,000 raise is not unprecedented in private enterprise, and that Mr. Mackie might receive a higher salary elsewhere. He distinguished between "cost" and "value," saying that the City Manager's salary should be based not so much on the cost to the City, which he regarded as minimal in comparison to his value to the City, by which he meant the greater efficiencies he has introduced both in the management of the City and in cutting costs. He said that the City is now on a fiscally sound basis. He also said that he would be following up with a written message, reiterating these points.

Chairman Morrissey remarked that the Committee had received a similar message from Mr. Barry Hill. He said that we would include both Mr. Hill's letter and Mr. Sumnar's promised letter with the minutes of this meeting.

Ms. Penny Swan said that the City Manager does a good job, but given the increased taxes on residents who have difficulty making ends meet, it is not right to raise his compensation pay to the level he has requested.

City Clerk Stephen French observed that if the City Charter clause proposed by Councilman Bell is included in the contract, it should apply to all City employees, including the City Council members. This would mean (for example) that if a City Council member requests information or assistance from a City Hall staffer without funneling the request through the City Manager, the City Hall staffer could refuse to comply with the request.

In response to public comments, City Manager Mackie observed that property taxes declined for residents as the result of the decrease in property values resulting from the 2008-09 recession. Most property owners still pay lower property taxes than they did before the recession.

He reemphasized the fact that he is frequently pushed for information, pressured for decisions, and sharply criticized in social media. This, he repeated, is the reason for his request for an extended severance period.

There being no further business, the meeting was adjourned at 6:37 p.m.