City of Hillsdale

City Council Operations and Government Committee Agenda

April 24, 2018

5:30 p.m.

City Hall

97 N. Broad Street

Hillsdale, Michigan 49242

I. Call to Order
II. Roll Call
III. Approval of Agenda
IV. Public Comments on the Agenda Items
V. Consent Agenda
   A. Operations and Government Committee Minutes of April 5, 2018
VI. Communications/Petitions
VII. Unfinished Business
   A. City Manager’s Contract discussion
VIII. Old Business
IX. New Business
X. Adjournment
Operations and Government Committee Minutes
April 5, 2018

Members present: Councilman Matthew Bell, Councilman Timothy Dixon, Councilman Will Morrisey.
Also present: City Manager David Mackie, Human Resources Director Kay Freese, Police and Fire Chief Scott Hephner, Councilman Bruce Sharp, Hillsdale Daily News reporter Corey Murray, Ted Jansen, Jack McClain, Penny Swan.

The meeting was called to order at 5:32 p.m.
The minutes of the March 14, 2018 meeting were moved by Councilman Bell, seconded by Councilman Dixon, and approved unanimously.

Under Communications, Chairman Morrisey read five letters received re: the City Manager contract discussions.

1. Christopher Sumnar (3/26/2018)
2. Susan M. Smith (3/28/18)
3. Lon King (4/4/18)
5. Patrick Flannery (4/5/18)

These letters all supported City Manager Mackie’s reappointment and a salary increase. The letters have been placed in the Committee meeting packet and they will also be included in the City Council’s meeting packet. Both packets are available to the public on the City website.

Chairman Morrisey invited all other interested persons to submit letters on this subject, saying that letters received will be placed in the two meeting packets.

Members of the public were invited to speak.

Jill Hardway, 157 Oak Street, asked for information about the City Manager’s contract proposal and about the pay structures for other administrative employees. Given the City’s economic condition, she opposed a raise above that received by the other employees, which is in the 2% range. While acknowledging City Manager Mackie’s achievements, she does not regard efforts to obtain grants as a basis for a salary increase.

Councilman Bruce Sharp citied City Manager Mackie’s accomplishments, including increased revenues and cost savings at BPU, the 911 Center, improved relations with Hillsdale College, and several advances in economic development, including the airport apron, the ICE grant, street reconstruction and repair, new plow trucks and fire trucks, the ATT tower and the extra revenues it will bring. He praised the City Manager for his accessibility to Council, staff, and residents, and indicated that the City Manager has done everything he has been asked to do—more than any other City Manager while he has been on the Council.
Ted Jansen concurred with Councilman Sharp’s statement.

Jack McClain agreed that the City Manager has achieved a great deal, but observed that these were not the accomplishments of one man, but a part of a team effort including administrative staff, Council, and members of the general public.

Under Unfinished Business, Chairman Morrisey reviewed the agreements on the contract, so far. The issues for further discussion were: severance terms, base salary, annual percentage salary increase, incentive pay, and Charter compliance language.

On severance terms, Councilman Bell observed that the proposed 12-month severance makes the City Manager practically immune to dismissal without cause, although he could be dismissed with cause. City Manager Mackie agreed, and both he and Councilman Dixon cited the volatile political atmosphere of the City as reason to offer a strong measure of job security. While agreeing that the contentiousness is not unknown in Hillsdale, Chairman Morrisey observed that during the three years of the City Manager’s tenure so far, the residents of the City have shown that they elect Council members who are generally supportive of the City Manager.

Councilman Dixon moved a six-month severance clause. The motion failed for lack of a second.

Councilman Bell moved a four-month severance clause. The motion passed unanimously.

In a later comment, Ted Jansen recalled that a City Manager can also be recalled by a vote of the City residents.

On the base pay, Councilman Dixon supported the requested $110,000 figure, observing that City Manager Mackie has saved the City some $400,000 per year and has added State grants monies to our revenues. The $14,500 raise would be about 2% of what he has saved for the City.

City Manager Mackie produced a chart based on figures provided by the Michigan Municipal Electric Association, consisting of twelve municipalities that are analogous to Hillsdale in that the City Manager has the additional task of overseeing the operations of the local utilities provider. (See attached chart). He said that this gives a fairer comparison than statistical tables comparing his position with City Managers who do not have this added responsibility.

Chairman Morrisey thanked the City Manager for providing this information, this being the kind of specific information we can use to make a reasonable decision. He observed that more general arguments, based on observations about the possibility of the City Manager being hired away by another municipality or a private corporation, for example, are true but not useful; they do not help us establish comparisons.

After some discussion, members agreed to request that Human Resources Director Freese gather additional data from the twelve municipalities on the chart: number of years of service; municipal tax base; and retirement contributions, including both defined benefits and defined contributions. At the later suggestion of Mr. McClain, the severance terms of the municipal managers will be added to the data base.

Committee members and City Manager Mackie agreed that Councilman Bell’s request that a clause be included respecting the need to observe the City Charter be included in the contract. The language is:
“The City Manager shall follow the City Charter and shall see that his subordinates in the City are doing the same. He shall foster a mission-driven culture among his fellow City staff members that focuses on upholding the City Charter and excellence in service to the citizens of Hillsdale.”

Councilman Bell reviewed his proposal that the City Manager’s salary increase be fixed at 2% per annum, with an incentive: If, under his leadership, the City finishes a resurfacing project (curb-to-curb) of one-half-mile or more of road in that fiscal year, in that fiscal year, the City Manager shall receive an additional 2% for a total of 4%. Resurfacing is defined as chip and seal or better, and multiple projects per fiscal year can be aggregated to achieve the half-mile benchmark. The City Manager would report this each year as part of the budget proposal.

Chairman Morrisey backed the proposal, saying that for many years the City has delayed major street work; this will indicate a serious commitment to steady progress on the streets, which is a major priority for City residents and an important economic development tool in its own right. Given the street reconstruction lined up for this year, this would mean that the City Manager would receive a 4% raise in the first year of the contract. City Manager Mackie indicated that he would entertain this proposal.

Members discussed a date for the next meeting later in April. Members agreed to let the Chairman know what dates are workable.

There being no further business, Councilman Bell moved to adjourn, Chairman Morrisey seconded, and the meeting was adjourned at 7:08 p.m.
1. Dave Mackie has done well for the City.
   A. Funding for the street repairs.
      1. F.A.I.R. committee with public involvement.
   B. Working on bring in new ways of getting funds and new businesses into our community.
   C. Having an open door policy with the public and city personnel despite social media ridicule.
   D. Working with BPU to get generators and repairing sewage problems from recurring
2. I personally disagree with a 10 -16% wage increase but would not disagree with a 5 – 7% increase.

3. Pertaining to severance or discharge pay, I do not see 6 months to a year being unfavorable. Except for wrongful or unsatisfactory work ethics (theft, negligence or in appropriate handling of funds).

4. If we had to get another City Manager, we would have to start over. We have not had a good working manager that has given the people of Hillsdale something to see for their tax
dollars in years, just a lot of promises. Dave may not need us right now but we do need him.

DON'T LET US DOWN MR. MACKIE!!

Dear Wanda

4/16/18
I just wanted to reach out to the Operations & Governance Committee, City Council Members and Mayor to express my support for David Mackie. As a downtown building owner and Vice President of a growing business, I am encouraged with the direction our city is moving and feel that David Mackie has been instrumental, by example:

1. Helping organize and participating in the FAIR (Funding Alternatives Identification & Recommendation) Committee. I was glad to participate on this committee and thought David did a great job in facilitating and laying out alternatives, I believe our recommendation was a good start to improve the funding of our street improvements.
2. Addressing the leadership at BPU and finding ways to streamline operations that will result in substantial cost savings.
3. Addressing the previous operating agreement at the airport and finding a cost effective way to manage the city airport. This model will bring more revenue (primarily through contract fuel sales) to the city and it will make the airport a more viable place for future development.
4. Attracting new businesses (like Meijer’s) will help our city’s tax base and provide additional employment and development opportunities.
5. Obtaining the grants for the Rippon and Vine, Mead, and Garden Street improvement projects - a good start in getting the city's streets improved.
6. Addressing the leadership at the department of public services is another positive step in improving the communication and services this department provides to the city.

Given the above examples along with a desire to see our city continue to improve, I recommend that you look at keeping us on this path and negotiate a fair and competitive package to keep David Mackie as our city manager. I specifically believe that a severance package that includes a 6 to 12 months is reasonable. I don't understand why this is a road-block for some (especially if it wouldn't be invoked for a “voluntary” or “with cause” separation).

I thank you for your consideration and your service to our city. Please feel free to contact me with any specific questions or concerns.

Respectfully,

Eric A. Moore, CIC, LIC
To Whom It May Concern:

I write today in support of City Manager, Dave Mackie. As many know, I worked closely with Dave during my tenure as the Manager of the Hillsdale Municipal Airport. During that time, which was toward the beginning of his employment with the City of Hillsdale, Dave was also dealing with several other city departments, including public utilities, public safety, and others. All while increasing the City’s budget surplus and managing an electorate that was growing increasingly hostile toward the local government.

On a more personal note, I have come to know Dave very well over the last several years. I have had detailed discussions with him about his plans for this community and his desire to see Hillsdale thrive. Dave is a tireless public servant, devoting his time and taking on interest in all the issues that the people of Hillsdale bring before him.

It is my understanding that this committee is considering a new contract negotiation for Dave Mackie. In that light, let me add my voice to the many citizens of Hillsdale who have seen vast improvements in this City since he has been on the job and who wish for him to remain in his position for a long time to come. I hope that this committee has the foresight to continue to compensate Mr. Mackie in a manner that will encourage him to remain in the work he has begun here and see it through.

Finally, as this is a small, isolated community, I believe that we need to take advantage of every opportunity with which we are presented. I know that Dave has taken to this community and has put down roots here by purchasing two homes within Hillsdale, and having his children attend school within our local school district. It would be a shame to lose someone with his creativity and work ethic.

If anyone would like to discuss this further, please do not hesitate to reach out to me directly.

Sincerely,

Jason Walters
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** 12 months were used for the calculation of the Average
Source of data - Michigan Municipal League (MML) and local communities
Dear Mayor Stockford and members of the Hillsdale City Council:

I would like to take this opportunity to thank each of you for your continued service to our City, and for taking seriously the matter of the City Manager contract. Looking after the future of Hillsdale is the overarching responsibility of Council. Determining whom will lead the administrative arm of our government, and under what conditions, is no small part of that task.

As you deliberate over the merits of Mr. Mackie’s performance thus far and consider compensation for his services moving forward, I think it appropriate that I provide some historical context.

My involvement with local government spanned 8 years, beginning in 2010 and ending with my resignation earlier this year. During that time, I served with 3 different full-time city managers and one interim. Aside from having experienced each of their abilities, or lack thereof, I was also directly involved in contract negotiations and discussions with the latest three individuals (Linda Brown, Doug Terry and David Mackie) to hold the office, and though still on planning commission, was present during committee and council meetings for the discussions regarding the non-renewal of the contract for Mrs. Brown’s predecessor, Mike Mitchell. While I have a great deal of respect for former City Managers Brown and Terry, – both having made great improvements to our community during less than ideal economic times- I say without hesitation or implied criticism that neither were able to make the level positive change that Mr. Mackie has demonstrated during his tenure.

As most of you have served on Council long enough to have experienced first-hand many of Mr. Mackie’s accomplishments, I won’t provide an exhaustive list. I will, however, provide the aforementioned historical context that underscores not only why he is doing an above average job, but why all reasonable measures should be taken to retain him.

- Garden, Vine, Meade, Rippon Project.
  - The acquisition of a grant to complete these major projects on local (non-trunk) streets is unprecedented. The City has previously received federal and state aide to rebuild a segment of Fayette Street as well as State Street, however never have we been able to attain grants for a local street project. It very well may be that similar grants were not available in years past. Even if that were the case, the City Manager and his staff not only found the grant and identified it as a method to replace streets (remember, this is an infrastructure grant, not a street grant) he won the grant and successfully lobbied to have the amount increased to cover the unexpectedly higher cost once bids had been received.
- Fire Engine Replacement
  - For over two decades the City’s plan for fire equipment replacement was functionally non-existent. This is evidenced not only by the condition of the recently replaced engines, but also by years of requests for new equipment and replies of “there is no money”. Three city managers over the course of ten years were never able to find a way to replace a single fire engine and yet Dave Mackie has replaced two. He did this using
solutions that were also available to his predecessors; the Cemetery Fund and increased P.I.L.O.T. funds from the BPU.

This not only illustrates his ability to make important things happen, it reveals an ability heretofore absent from that office; consistent and effective out-of-the-box thinking. While the onus for ensuring future long-term funding still (to my knowledge) remains, the immediate need has been met under Mr. Mackie’s supervision.

The above are but two examples of many that demonstrate Mr. Mackie’s ability and willingness to aggressively seek solutions to long standing problems. I’m not naïve enough to believe he is solely responsible for these efforts. He clearly has an excellent staff working under him- many of whom have worked for previous city managers. The difference seems to be the atmosphere in which they work is one that fosters open ideas and new solutions. Even if every positive change we have seen were born from staff suggestions, it would still be a strong testament to his leadership and ability to shape and direct those ideas into a reality that previous city managers have not.

While I have cited the I.C.E. grant and fire engine replacement to illustrate why Mr. Mackie has shown great leadership and above average value as a City Manager, I’m certain there are some who will say that he was “just doing his job” or some similar wish-wash to dismiss what, by any reasonable measure, is an exceptional job. So please allow me to share a specific instance where Mr. Mackie’s efforts went well beyond what is required or expected: the agreement with Fayette Township to bring Meijer to the area.

When it comes to moving Hillsdale forward toward a brighter economic future, there is / was no event of greater importance in recent history than the decision by Meijer to locate here. Not the airport expansion. Not street improvement. Meijer is a key step to unlocking a successful Hillsdale.

Hillsdale cannot attract a higher level of employer if we have nothing to offer them. Meijer is a catalyst that when combined with existing and new businesses, will create an environment that will make Hillsdale a much more appealing place to live and to do business. Without David Mackie, Meijer would never have happened.

I attended several of the Fayette Township board meetings at which Meijer and the 425 agreement were discussed. They were a circus. It was clear from the beginning that the Fayette board was not going to approve the agreement. However, knowing the City could not let this opportunity pass, Mr. Mackie worked diligently and strategically to ensure the board understood the significance of this development. Due primarily to his efforts, the agreement was passed and the Meijer project has moved forward. This speaks volumes.

Mr. Mackie had already done everything expected of him to move the 425 agreement forward. Had it failed in Fayette Township, no one could have laid blame at Hillsdale City Hall. But recognizing the importance of the agreement and what it means to the future of not only our City, but the County as well, he went far above what was expected and made it happen.

Nothing that Mr. Mackie is asking for is unreasonable or even unprecedented. If you look back at previous city manager contracts, you’ll find CM Vagle was compensated $130,000* in pay and benefits annually. CM Mitchell was equally compensated, even though they both had a full-time assistant city manager. CM Brown received compensation totaling more than $114k*.
No, these numbers are not the “average” income for this City, but neither are the responsibilities. We should not be basing what this or any City Manager is paid by determining what others in the City make—but rather by what value the man or woman in that position brings to the table. Mr. Mackie has clearly brought more to the table than his predecessors, and he should be compensated accordingly. While there are many in this community who will complain no matter what level of compensation is agreed upon, I have faith that the members of the O&G Committee and Council are wise enough to see beyond this.

I hope that the Operations and Governance Committee, as well as the full Council, can come to a level of compensation and benefits that all parties can agree to. As I stated earlier, my understanding of Mr. Mackie’s salary request is not at all unreasonable, especially given what he has accomplished in the short time he has been here and the atmosphere in which he has accomplished it.

Should he be retained, I have no doubt we will see more great things on the horizon. Should he be let go, the community will have been done a great disservice.

Thank you again for your service to our City, and for taking these words into consideration.

Respectfully,

Brian Watkins
126 Dickerson Street

*adjusted for inflation