

Pontiac Local Officers Compensation Commission

Minutes

April 21, 2015

Call to order

The regular meeting of the Local Officers Compensation Commission, the third meeting of 2015, was called to order on Tuesday, April 21, 2015 at 6:05 p.m. by Chairman Richard Taylor.

Roll Call

Members present: Kathie Henk, Richard Taylor, and Kent Piatt.

Members absent: Lee Jones and John Smith.

There are two vacancies on the Commission. A quorum is noted.

Approval of Agenda

Commissioner Taylor moved to approve the agenda and Commissioner Henk seconded the motion.

Motion carried unanimously.

Minutes

Commissioner Henk moved to approve the minutes of the April 14, 2015 meeting of the Local Officers Compensation Commission. Commissioner Piatt seconded the motion. **Motion carried unanimously.**

City Council Comments

City Councilmember Doris Taylor-Burks told the Commission that this Council is not responsible for the actions of the previous councils. As a council member, she is running every day from place to place. She has been cursed out. She receives messages on her phone. She believes she works harder as a council member than she did when she worked at General Motors. The compensation received by council members does not cover the cost of gas. Council receives nothing now. She would support foregoing the committee stipend if council members received a decent salary. She receives telephone calls at home. She believes that it is unfair that the Commission believes that council members are unworthy of more than what they are receiving. She does a lot of work at home and uses supplies for which she is not reimbursed. She encourages the Commission to give proper consideration to the Council. Upon questioning, she responded that she does not have an amount in mind for compensation.

Commissioner Piatt stated that no one is being punished but the City did not have money two years ago. Commissioner Taylor repeated that the City had financial constraints two years ago when the current salaries were developed.

City Councilmember Kermit Williams thanked the Commission for making adjustments to their proposed salary two years ago after he made a presentation. He distributed some information on Napa, California and on the hourly rate paid to council members in other American cities (Attachment A). He believes that council members work between 20 and 25 hours per week. Previous council members received additional benefits other than salary, but he understands the wisdom to shift away from other benefits because of the lack of internal controls. He is asking for a salary of \$25,000. Presently, council members are paid under \$10.00 per hour and cannot accept tips because tips are illegal. People working at a restaurant make more money than council members. A straight salary package would have clear checks and balances. Commissioner Taylor noted that if the new charter was adopted, Council would have fewer meetings. Council member Williams stated that attending meetings is the least part of the job; more time is spent on meeting preparation and addressing citizen concerns. Councilman Williams advocated that high pay will attract better candidates; he noted that in a previous election, four seats were unopposed because of lack of compensation.

City Councilmember Mary Pietila stated that council members are currently paid \$6.54 per hour. She arrived at this calculation by taking her W2 and dividing by 1,040 (hours). She believes that council members are worth more. Her cell phone rings all day because she has her office phone forwarded to her cell phone. After-hours access to City Hall is also an issue – council members are required to obtain a key from the Sheriff's Office to obtain access. Previously, council members each had a key. She believes that \$25,000 is a salary that the City can't afford, but believes council members are worth the compensation. In her second year on council, all council salaries were suspended. The City's approach to code enforcement is on a complaint basis only. Therefore, she drives around her district to file complaints. She spent \$100,000 on gas since being on Council. One of her vehicles had 100,000 additional miles, and it was mostly City driving since she did not have a job for much of that time. In addition to attending council meetings, she also assisted at the DBA car show. She attends funerals because people want to know that you care. Council only takes action during two meetings per month. If the new charter passes, they will be able to take care of business during those meetings. She attends three committee meetings each month. She would like compensation to offset costs. She receives telephone calls at 8:00 a.m.

Upon unanimous consent, the rules were suspended to allow the Mayor to address the Commission.

Mayor Waterman indicated that in 2013, the City was facing adverse circumstances. Since then, the City has adopted financial best practices and will have a \$1.7 million (operating) surplus for the current fiscal year. There are more businesses and investors coming to Pontiac. Pontiac has a strong-mayor form of government. Since she was elected, there has been a change in dynamic and the City is moving forward. She needed to go to Treasury to obtain staff, so Treasury created the position of deputy mayor at her request. Cities now have professional city managers. The mayor is the CEO and the deputy mayor would be the COO, just like corporations have separate CEOs and COOs. The deputy mayor that is being sought will have a high caliber of experience and education. Because of the \$85,000 salary with no benefits for the deputy mayor, the best candidates backed out, so the salary has been increased to

\$95,000 with benefits. The request is also being made for all City employees to receive health insurance and a defined contribution pension plan. If the employees receive the defined contribution plan, the mayor should also receive the same benefit as other employees. Based on the current compensation package, there is a \$5,000 difference in the salary between the mayor and deputy mayor. Commissioner Piatt indicated the city managers earn a salary in the \$120,000 range. He also observed that the mayor's job is almost a 7-day work week and is happy to see the mayor out in the community. Mayor Waterman indicated that she needs to find ways to work around Order S-334. The mayor's job is to grow the community. Pontiac is in a win-win situation with the State because we have met two of the three benchmarks set by Governor Snyder and the third benchmark is to adopt the new charter. If the new charter is adopted, we will have met all the benchmarks and could be removed from oversight. Mayor Waterman has been asked to write the transition plan.

Discussion of Compensation of the Council

Commissioner Piatt stated that he was thrilled to see council members. He thinks that the cost attributed for gas by Councilmember Pietila is too high. Based on the comments made by the council members, he believes that collectively, the council members believe that \$20,000 to \$25,000 is fair compensation, which he believes seems a little high. He noted that past council members received a car or health insurance.

Commissioner Henk asked Mr. Sobota to explain the proposed compensation package being presented before the TAB. The Commission requested a copy of the plan. Mr. Sobota will not have an indication on the possibility of passage until after Wednesday's meeting, and noted final approval is not expected until May 20. Previous requested for compensation enhancements were rejected by the TAB.

Commissioner Piatt stated that the \$25,000 salary is out of line with comparable communities. \$20,000 is also too high. Under local control, the salary was about \$15,000. Commissioner Piatt believes that the City still has a storm to weather, specifically retiree health care. He has seen good days and bad days in Pontiac, but is concerned that there may be more bad days ahead. He noted that the Sheriff contract is up for renewal, and that the rates may be increased significantly, but the Sheriff has done a great job in Pontiac.

Commissioner Taylor stated that the Commission should be overly cautious, and remember that the Commission is setting the compensation for the position, not the people holding the position. He sees a range of \$12,000 to \$15,000 more palatable. Everyone who ran for office knew what the compensation was at the time they were elected. They also should have known that the person is a council member 24/7 and that they would be expected to spend money on gas and fundraisers.

Commissioner Henk stated that she believes a \$12,000 to \$15,000 range is reasonable.

Commissioner Piatt stated that he believes a salary of \$12,000, or \$1,000 per month is proper as the elected officials are doing this work as part of their civic duty. The City cannot afford to compensate at a high rate right now.

The Commission asked Mr. Sobota to provide a briefing on the retiree health insurance lawsuit. Mr. Sobota stated that the 6th Circuit Court of Appeals overturned the decision of the District Court. The case is presently in mediation. If mediation is not successful, he fully anticipates that if a case is decided, the losing party will appeal, possibly all the way to the Supreme Court.

Discussion of Compensation of Mayor

The Commission compared the current salary of the mayor to the City of Rochester Hills and reviewed the data of both communities. The Commission noted that Rochester Hills was in a better position financially. Rochester Hills is the only comparable community with a strong-mayor form of government. Based on that information, the salary of the mayor is worth only \$100,000 or less.

The Commission requested information on office supplies. Mr. Sobota responded that the City provides office supplies at City Hall only.

The Commission members want additional input from the other Commissioners.

Adjournment

Moved by Taylor, supported by Piatt, to adjourn. **Motion carried by unanimous vote.** Meeting adjourned at 7:32 p.m.

Respectfully submitted,



Joseph M. Sobota, M.P.A.
City Administrator