

**THE FOLLOWING MINUTES WERE ADOPTED AT THE AUGUST 27, 2015
MEETING OF THE MANDEVILLE CITY COUNCIL. MANDEVILLE CITY
COUNCIL
MINUTES FOR THE MEETING OF AUGUST 10, 2015
BUDGET WORK SESSION**

The budget work session was called to order by Council Chairman Madden at 6:00 p.m.

PRESENT: Rick Danielson, Clay Madden, Carla Buchholz, Ernest Burguieres, David Ellis
ABSENT:

ALSO PRESENT: Mayor Villere, Chief Rick Richard; Frank Oliver, Finance Director;
David deGeneres, Director of Public Works, Louisette Scott, Planning Director, Gretchen
McKinney, Human Resources Director

CAPITAL BUDGET:

Mr. Madden opened with any questions regarding the Capital Budget from last week's meeting. Mrs. Buchholz stated there was an addition of \$255K for a storage facility at Public Works. Mr. deGeneres said this is a carryover from last year and is in the process of going out to bid. Mr. Danielson asked if there could be an addition of \$5K for the Northshore Regional Strategic Planning Group. This would be a one-time fee and they are developing a "super regional" plan for the area. The Mayor said this is not a capital project but could be added to the Northshore Community Foundation contract.

Mr. Burguieres asked if they can add a line item of \$250K for building renovation, if it is not needed this fiscal year it can then roll over. The Mayor said you cannot do this line item; the money for a renovation is in the general fund which is where the citizens wanted it to be held. Years ago the City did something similar with a "land fund" and the citizens did not want that money set aside, it needed to go into the general fund. The Mayor said you can always allocate funds from the general fund to accomplish such a project. He express the need for the City Hall renovation/addition, they are running out of space. Mr. Oliveri said it is on the five year plan and it can be re-evaluated every year. This year we have allocated \$150K for improvement plan and \$2.1million in 2017. Mr. Burguieres just thinks it is a good practice to start setting the money aside in a separate line item.

OPERATING BUDGET:

Mr. Madden announced the Mayor sent the Council information regarding the two pay plans proposed and how it will affect the scale. The Mayor spoke of a lump sum \$3265 for the bottom end and it would increase as it approached the top of the scale (step 25). The Mayor feels his plan treats a majority of the employees more favorably with an on scale increase rather than the across the board 11% increase recommended by the Council. His plan treats the bottom end of the scale and those at step 25 and gives an adequate increase to the employees. He still questions if, at step 25, you cannot go above that pay wise. He said you can give an on scale increase but no merit raise at step 25. He would like the Council to review his plan and consider this option because the City has been struggling the past few years with recruiting for the bottom end of the scale positons.

Mr. Danielson asked if we have opening for those making over \$50K a year. Mayor responded, maybe superintendent of Sewer and probably one in the accounting department, but, there are very few positions above this and neither plan will make a real difference, it is the lower end employees that need to be addressed.

Mr. Danielson reconfirmed his position of 11% across the board based upon the 15% across the board recommendation from the Civil Service Board for everyone except directors and department heads. This is the easiest way to go until we can look at the pay plan process.

Mr. Burguieres stated he has still not gotten response from the City Attorney's office regarding his questions from last week's meeting.

Mr. Madden wanted to vote on the budget this Thursday and would like to get the questions answered from Mr. Deano by tomorrow. (Step 25 and director pay). The Mayor said you do not need an answer because it does not make a difference; it only makes a difference on how he administers the pay. Both plans are the same dollar amount. This is historically how they have done this in the past. The last two times they have raised the scale this way.

Mrs. Buchholz understands the issue of bringing up the bottom tier to a better pay. The fair and easiest way is the 11% across the board, but she stated it does appear that no one would be slighted if we handle this the Mayor's way. She wants to give this plan some attention.

Mrs. McKinney wanted to reiterate the Civil Service guidelines that are established, there are 2 sides: police civil service and non-civil service. She wants to provide guidance because some of the things on the pay matrix are not across the board evenly and you may walk yourself into a lawsuit. She read section dealing with merit and pay. Rule 4, Pg. I33 (non civil service) and Pg. I39 (police). "Section 4.03 Maintenance: The Personnel Director shall perform an annual review of the compensation plan for City employees and based upon his/her findings; the Personnel Director shall submit recommendations to the Municipal Police Employees' Civil Service Board for review and action prior to May 1 of each year. The Municipal Police Employees' Civil Service Board shall submit its recommendations to the mayor and the City Council for review and action through enactment of the annual City budget. "The next section talks about pay plan adjustment. "whenever the pay plan is amended to set a higher pay range for any class or classes or work, with the express approval of the Council, additional "across the board" pay increases may be granted to employees occupying positions in the class or classes affected to such extent as the Council may think desirable in order to maintain an equitable balance between employees; provided, however, that under no condition may an employee's salary be advanced beyond the maximum rate of pay fixed for his/her class of work." Mrs. McKinney had a different recommendation for the Civil Service board which was backed up by a salary survey. If you do this as a cost of living raise, you can do this as long as you treat everyone the same. But, on both pay matrixes presented, this is not done, the dollar amount is different for each one and not backed up. Some employees are treated differently and that may be an issue. The Police Civil Service board's recommendation of 15% removes the bottom steps and elongates the scale; it allows everyone the same percentage. She uses herself as an example, she is listed as 0% increase and you need to treat all civil service employees the same and if you don't that can land you into some legal trouble. She refers to the Lilly Ledbetter Act, U.S. Management and the Mayor acting as management in this state can be named in a lawsuit for treating people different. If you go with the Mayor's dollar amount it needs to be across the board, it needs to be the same; you drop the bottom steps off and bring the pay scale up.

Mr. Burguieres asked if we should get a legal opinion. Mrs. McKinney said "no".

Mr. Danielson verified that there is a difference between cost of living raise and merit raise. Mrs. McKinney said our pay matrix is based on merit, if you adjust for cost of living, it's going to affect the bottom step and then you can say you don't want anyone getting a raise; you will go to the step that is closest. That has been done in the past but she does not recommend it. She stated everything can be done; it is just not drawn up properly.

Mrs. McKinney did want to state that wage and hour and overtime laws that are getting ready to come out. The City's ability to prosper is to not only recruit and retain and grow from their pool of talent.

Mr. Burguières asked about contracting out employees. Mrs. McKinney said it depends on how you want your City to look like. Mr. Burguières asked if it is her opinion that the Council cannot freeze the department heads; she has no legal opinion. Mr. Burguières stated we are still waiting on that from Mr. Deano's office. Mrs. McKinney said the Mayor should be responsible for his staff, just like you are responsible for yours. The Council should stay out of that, the dollars are there, the Mayor has to recruit and retain his talent.

Mr. Burguières is confused. If the Civil Service Board wanted 15% and the Council wants 11% why is there this confusion, she is not sure. He does not want to make a decision without full legal opinion. Mrs. McKinney said she understands, but, the Council has made these decisions in the past. Mr. Burguières said not for 11% across the board – that is true.

Mr. Danielson asked Mrs. McKinney if there is a difference between a director and department head. She said yes. A director is over a department, you have a department head that reports to the Mayor. Mr. Danielson said so if you are a director your salary can be tweaked – Mrs. McKinney said that is correct. Her position however, is a civil service position, she has a pay matrix, it deals with half of her salary and she has not heard how the Council is dealing with her position. Mr. Danielson said they can still work on the directors, but for the mass level of employees, the 11% is fine. Mrs. McKinney said some people do not fall in these categories, she is not sure where Mrs. Scherer falls in line, and Mrs. Peachey is listed as a department head. Mr. Oliveri stated those have been addressed.

Mr. Madden asked about recruiting. Does either plan hurt recruiting?

Mrs. McKinney does not think either plan affects recruiting. She doubled the length of time for the last recruiting (4 weeks) and only netted 3 people. She is not sure if it had to do with pay or other reasons. Other government agencies are struggling as well. Upon an employees' exit interview, she asks them if they would recommend for others to work at the City. In the past it was more positive and over the last 2 years she had heard more negative or indifferent comments which are troubling.

Mr. Burguières asked questions about the step to Mrs. McKinney. Step 10 makes 25% more than Step 1, Step 20 makes 60% more than step 1, and step 25 makes 80% more than step 1. So while the Step 1 pay rate may be below market, Step 10 is at or slightly above market, and step 20 and 25 are way over market. Looking at the pay of a senior accountant, last position on page 1, the entry salary is below market. This is made up for by City Benefits, but difficult to sell. Now the same position 10 years from now is at or slightly above market without benefits, definitely above market with benefits. This whole concept of automatic step increases makes hiring replacements at step 1 very difficult. How can you justify paying one employee 25 to 80 percent more than an entry level employee with the same skill sets?

Mrs. McKinney said every 3-5 yrs. they look at the pay scale. She addresses those in question to the Civil Service Board and looked at what the budget would allow. Also, those percentages don't have to be 2.5%, they can be any percentage. She makes a recommendation based upon total compensation. The Waters Study in 2013 addressed some people off scale, about 7-8 people. All surveys are constructed differently and provide different results. These were looked at by the Civil Service Board and they came up with a 15% increase.

Mr. Talazac appreciated the difference between cost of living and merit. The past 5 years employees have had a 2.5% merit increase. Mrs. Buchholz said it used to be 5%. Mr. Talazac recommended a cost of living increase and a merit later on. Mr. Danielson confirmed this is

the Council's plan, merit is done on an employee's anniversary date. Mr. Talazac said if there is concern over what can be done with salaries, you should wait for the legal opinion. He also asked about the MERS issue and recommended for it to be considered in the totality.

Chief Richard just asked the Council to resolve the employees tonight so they can move on. Mr. Ellis stated he though we were resolved, an additional \$839K -11.6% across the board. Mr. Danielson agreed with Mr. Ellis and included directors are still pending, but employees are done as far as he is considered.

The Mayor said there is no question about directors, their salary is submitted by him to the Council and voted on. He feels they deserve a 2.5% increase.

Mr. Madden asked Mr. Burguieres if all his questions directed to the City Attorney have been answered. Mr. Burguieres said not all, but hopefully they will be answered before the Council Meeting.

Mr. McGuire commented the Civil Service Board initially came up with a 15% across the board raise, this would move the scale up. You eliminate the bottom and start over again to a new step 25. He understands the Council wants to disregard the 15% and do 11% instead. His only question or concern is \$839K (11% of salary plus benefits) not cost of living increase. If the Council is looking at 11% salary and 2.5% merit then that brings you to 13.5%. Mr. Danielson said that is correct, cost of living plus merit. Mr. McGuire agrees with everything Mrs. McKinney has said, but with the Charter amendment that was adopted, Mrs. McKinney became a 100% civil service employee so she deserves the same raise as the civil service employees. She reports to Mr. McGuire as chairman of the board. It would be the height of discrimination if she did not get the same percentage.

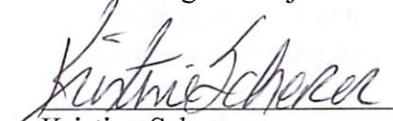
Mr. Oliveri said if a person takes the pervious pay scale and adds 11.6% that gives you the new pay scale, which is base pay. The total plan cost is around \$839K.

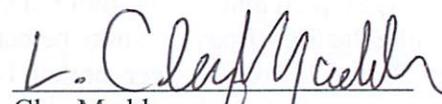
Mr. Madden will send out the new amendments tomorrow and the Council will vote on the budget Thursday night.

Mr. Burguieres requested a motion to adjourn, seconded by Mr. Ellis.

ADJOURNMENT:

The meeting was adjourned at 8:05 p.m.


Kristine Scherer
Council Clerk


Clay Madden
Council Chairman