



BOARD OF ALDERMEN
SHELTON, CONNECTICUT
FINANCE COMMITTEE
SPECIAL MEETING MINUTES
MONDAY, NOVEMBER 24, 2014

CALL TO ORDER/PLEDGE OF ALLEGIANCE

Alderman Kudej called the Special Meeting of the Board of Aldermen to order at 5:30 p.m. All those present rose and pledged allegiance to the Flag of the United States of America.

ROLL CALL

Alderman John F. Anglace, Jr., President – present
Alderman Stanley Kudej – present
Alderman Anthony Simonetti – present

Alderman John Papa - present

Also in Attendance:

David Dunn, Management Consultant

PUBLIC PORTION

No session.

AGENDA ITEMS

1. APPROVAL OF MINUTES

Alderman Simonetti MOVED to waive the reading and approve the following meeting minutes:

1. Special Finance – January 28, 2014
2. Special Finance – March 6, 2014
3. Special Finance – April 22, 2014
4. Special Finance – July 22, 2014
5. Special Finance – September 18, 2014

SECONDED by Alderman Anglace. A voice vote was taken and the motion PASSED unanimously.

2. MAYOR'S SALARY SURVEY REPORT

Alderman Simonetti MOVED to recommend to the Full Board to accept the recommendations of Management Consultant, David J. Dunn, for the salary survey recommendations for the Mayor of the City of Shelton.

SECONDED by Alderman Anglace. A voice vote was taken and the motion PASSED unanimously.

Discussion:

David Dunn: The introduction of this draft is basically what I answered in the terms of the advertisement of the survey, and a little history of the prior surveys taken in 1999, 2001 and 2005. The survey that I have conducted was in compliance with your Code of Ordinances, and basically what the Code of Ordinances required. I have also included data from other cities and communities in Connecticut in like population groups. You have now moved up to the 40,000+ population grouping, so you are included with towns between 40,000 to 60,000, depending on how you look at the data. Prior salary surveys did note that you were in the smaller groups of 20,000 to 40,000. My survey resources were the Connecticut Conference of Municipalities 2014 edition. This is available to communities and to the public; everything about this is basically public information.

I have also reviewed the October report of the Connecticut Conference of Municipalities. They have published a labor relations report, or a data reporter that has a lot of the same information that is published monthly; the most recent publication is October. For cost-of-living purposes, I have included and reviewed that. I also have a letter from the Shelton Public Schools regarding the salaries they pay their executives: the Superintendent, Deputy Superintendent, Business Manager, HR Manager. I also have some similar information from Tom and from Paul Hiller's office, for the salaries that you pay here, in town. From the State of Connecticut Department of Policy and Management, I have reviewed some of their fiscal indicators. I have included them because your ordinance talks about them being looked at.

Firstly, the external considerations that I have reviewed: with the growth of the City's population, Shelton has moved up into the grouping of communities of 40,000 – 60,000 residents. There are 11 communities with this grouping, and I have also attached them as Appendix A. Also attached are towns and cities in the 35,000 – 40,000 population range, because that is where you used to be. So I have also included that for your review, as well, as salaries that they pay their Chief Executives. Shelton moved out of that group to a larger grouping.

Additionally, attached are Connecticut communities, with "like population groupings" per Shelton City Code. These groupings include communities with populations of 35,000 – 45,000. After reviewing all of the data, it is my conclusion that you should only compare Shelton to those towns that are in the 40,000–45,000 population range; that is your population "like group". You would want to look at community patterns, colleges or

however you may want to look at it. For “like population groupings”, I would recommend looking at only 40,000–45,000 range. I have also included some communities from Fairfield County just because I think it is interesting to know what they are paying their executives in these towns. Other considerations are interests, but I do not think they should be your primary concern.

Internal Equity Considerations: I looked at the internal equity of the salaries that you pay here in Shelton. For the top 10 wage earners in 2013, the Mayor of Shelton is not there. He is in the top 20, but is not in the top 10. That information would be found in Exhibit E, and the Board of Education Executive salaries would be found in Exhibit F. The Shelton non-union merit system salary schedule is attached as Exhibit G. Some of the internal wages that you pay in Shelton include overtime, notably the Police Department. Most of the salaries that exceed the Mayor are Sergeants, Lieutenants and their overtime. The Chief of Police is paid more, and the Finance Director is in the higher rating in the Merit System. The Finance Director is at level 29, which is the highest rating that you have in your Merit System; the highest level that you can go. The maximum salary for that job is \$119,366.00.

I would point out to you and I would argue that if the Mayor’s position were to be included in the Merit System, he would have a higher rated job and be level 30 instead of level 29. If he was, and this is hypothetical, he would be paid 5% more of the maximum pay of the Director of Finance. That would put the Mayor at around \$125,000, compared to the Finance Director who is in level 29.

One of my major concerns and thoughts in this study was that you do benefit greatly by the stability that you have here from your executive in present leadership, in this community. You can definitely say that for 20 years, you had the benefits of a consistent managerial team in this town. Frankly, you are much better off than some of the other communities in this state because of that. In addition, I think some consideration needs to be made for the fact that you are running this town with one Chief Executive. Many towns of this size and larger, and some of smaller size are run by two Chief Executives. It may be a Chief Elected Official and a Chief Appointed Official, or a Deputy who is paid almost as much. Some of that data is attached, as well.

Alderman Papa: Would the Deputy be elected or appointed?

David Dunn: They would be appointed and hired.

Alderman Simonetti: Are you making any kind of recommendation that we should put someone in as a Deputy?

David Dunn: No, my recommendation is you do not need that in this community. For comparison purposes, let’s look at what some other towns are doing. Two guys run the Town of Southington, which is very similar in size, and both of whom are earning \$125,000+. So they are paying \$250,000 to just run that town. You are paying less than half of that amount.

Alderman Papa: Of course that does not mean that it is not run well.

David Dunn: Correct. If everyone in your group is run by two executives you would have to take that into account. You can assume that they are being extravagant, and we do not have to be extravagant. It would already be part of your figuring when you pay the Chief Executive of this town. More than 50% of the communities in Fairfield County are run by two Chief Executives. So in this county alone, you are the minority in terms of that issue. From statewide comparing, you are also a minority from that standpoint. My recommendation is if you would like to go to the surveys and exhibits first, then we can go to the recommendations.

The first exhibit is the population. The populations are the current 2013 population numbers from the State of Connecticut Department of Health, which is recognized in Connecticut as the go-to place for population numbers. You might have some concern as to whether you are 40,000+ according to the Department of Health; Shelton's population in 2013 was 40,261.

Exhibit B shows a listing of towns that are in the 35,000 to 45,000-population range, which is also part of your group that includes Enfield, Norwich, Southington, Groton, Torrington and Trumbull. The salaries paid for the CEOs or for the Chief Executives in those towns-

Alderman Simonetti: In these towns, are the CEOs elected?

David Dunn: No, they are hired. I am not distinguishing between an elected official and an appointed/hired official. If he is the CEO of the town, that is the salary that I want to compare it to because what your Mayor does here, the Town Manager of Enfield does. He does the same thing in Norwich, Southington, Groton, etc. They may also have an elected part time Mayor, which receives a stipend and heads up the counsel of some sort. So, here are the salaries in those towns, which average to \$122,872, for 2014. Your Mayor earns \$110,193 and if you include him in that group, the average salary would come down to \$121,060.

Alderman Papa: These are only salaries? These salaries do not include annuities?

David Dunn: No, these are straight paychecks that are earned without annuities.

The 40,000 – 45,000 population grouping, which is your actual “like population groupings”: Enfield, Norwich, Southington and Shelton. The average salary without Shelton is \$135,659. The average salary including Shelton is \$129,293, so the salary that you pay your Mayor brings down the averages because you pay him less than the prevailing groups.

Exhibit D is Fairfield County. These are the towns in Fairfield County, which have a Chief Executive Officer, whether he is appointed elected, and Chief Operating Officer. I have picked the Town of New Canaan; the Chief Operating Officer earns \$600 more so I will use that number. In Weston, that person is only part time. However in all of Fairfield County, 18 communities, the average salary without Shelton is \$122,597.00. Again when you add Shelton, the average comes down to \$121,944.00.

Exhibit E is the Board of Education and City Hall Managers and Executives. The Superintendent earns \$168,795, Assistant Superintendent earns \$153,110, Director of Finance earns \$140,000 and the Director of Human Resources earns \$125,650. So the average executive salary in the Shelton Board of Education is \$146,889. The City Hall Managers and Executives, I have included only the Police Chief and the Director of Finance because those are the only two that are paid more than the Mayor. I think it is worthy to note that the Director of Finance maximum salary in his rate is \$119,366.00. The Chief of Police is a contract employee, at the salary of \$113,611.

Alderman Simonetti: You said that the Director of Finance at the Board of Education is \$119,366.

David Dunn: No, the maximum at the Board of Education is \$140,000. Paul Hiller is \$119,366.

Alderman Simonetti: In any of these numbers, do you have the numbers that say how many people they supervise?

Alderman Papa: That was not requested.

David Dunn: No, and I do not think that is a legitimate concern. I know that the salaries of the Board of Education are different.

Alderman Papa: The salaries in the Board of Education are always higher than of the CEOs of the City.

Alderman Simonetti: It is not unusual to see this.

David Dunn: The next exhibit is Exhibit F: The Top 10 Wage Earners in Shelton. Paul Hiller has put this list together, and the Mayor shows up as #11. Everyone else on this list is from the Police Department, in the year 2013. The Police are paid time and a half for their overtime hours. The Mayor is the Mayor 24/7.

The last page shows Exhibit G: Merit System Non-Union Salary Schedule 2014-15. You have jobs in this system between Grades 1-29. Paul Hiller's job is Grade 29.

I looked at the minimums and the maximums, and the rates increased of approximately 5% per grade. That is a standard and an average for classification systems, particularly in the municipal sector. Classification systems such as this where the top salaries grade up 5% per, is not unusual at all. That number at \$119,366 is the highest that anyone in this town could be paid, if they are in the Merit System.

Alderman Papa: Are you making a recommendation to add a Class 30?

David Dunn: No I am not. I am only putting that in for your consideration. If you would like to add Class 30 and place the Mayor in there, that can be a possibility I suppose. If the Mayor is in Class 30, assuming that he is the Chief Executive and he is Hiller's boss, why would you pay the boss less than his subordinate? If the Mayor received 5% more, which would be the next rating, he would be at \$125,000. This is only for the purposes

for the argument that I am making. The basic argument is that the Mayor has not been paid competitively, compared to other Chief Executives in the State of Connecticut and even in this town for a number of years.

As I say in my recommendations, I am suggesting that you regard any adjustment in the Mayor's annual salary as an equity salary adjustment. All comparable indicators that I have looked at is that this position is paid less than other comparable public sector Chief Executives in similar groups or groupings. No matter which grouping you are going to you, it is going to show the Mayor as less. This was a point that was made in an earlier salary survey, that the Mayor' position holds significant responsibilities 24/7 and this should be recognized in his annual compensation. Part of the respect for the position of the Mayor as it interfaces with the community, county, state and business leaders, is reflected and placing economic value that you put on this position.

I would recommend that you pay him in 2014, \$119,176. You would adjust that in 2015, to \$129,293. As well, in 2016 you would adjust his salary to \$135,659. These equity adjustments would reflect the following considerations:

- 1.) The 2014 adjustment to \$119,176 reflects the current 2014 average of the top 10 non Board of Education salaries (Exhibit F).
- 2.) The 2015 adjustment to \$129,293 reflects the current 2014 average salary of communities in the same population group, including Shelton (Exhibit C).
- 3.) The 2016 adjustment would reflect the current 2014 average for the same communities in the same population group, however, excluding Shelton, \$135,659 (Exhibit C).

The 2014 adjustment reflects approximately 8% over the Mayor's current salary. The 2015 adjustment would reflect another 8% adjustment, and the 2016 adjustment would reflect an approximate 5% increase. However, it is noted that these adjustments would only put the Mayor's salary at the current levels for other communities of like populations, and in 2016 it would still be 2 years behind whatever the prevailing salary is for this group. Accordingly, the current ordinance provision annual cost of living adjustments should remain in effect and be paid in addition to the above noted equity adjustments. I would leave that alone, and still give him his cost of living increases.

Alderman Papa: What would happen after 2016? Would he get another 5% increase?

David Dunn: I would assume in 2016, he is at comparable with the rest of the community statewide. Thereafter, he would receive cost of living increases. The cost of living increases are currently at 2.2% to 2.4% whether you use the W index or the U index. There are two indices: I would use the U index, which happens to be a higher but more accurate for your purposes. The W index is more of a blue-collar type indicator that is used in a large labor organization, contracts, pensions and other places. The U is the urban adjusted; it is more reflected to what the costs are in an urban area.

Alderman Papa: So we are trying to bring him up to what other communities pay their CEOs, Mayors, etc? He would then be current, basically.

David Dunn: That is what I recommend. This is local government in the State of Connecticut; municipal government in the State of Connecticut. We are not comparing him to the governor, to a county executive. We are comparing him to other Mayors and First Selectmen in the state. I think if you put him at these numbers, plus the cost of living which is going to be adjusted in there, he will be at fair salary.

Alderman Papa: When you mention Southington that has a Mayor and a Deputy Mayor.

David Dunn: They have a Town Manager and a Deputy Town Manager.

Alderman Papa: So the salary of \$151,980 in Southington is for one person?

David Dunn: Yes that is the salary for the top guy in Southington.

Alderman Papa: Is the Deputy in there?

David Dunn: No he is not.

Alderman Simonetti: What is the Deputy making?

David Dunn: I do not remember exactly, but only around \$3,000-\$4,000 less than that amount. I believe Enfield is single; he does not have a second guy running that place with him. Norwich has two, one of which is at \$125,000 and the other guy that is around \$80,000 to \$90,000. Groton is two, Torrington has one Mayor and Trumbull has a First Selectman. Actually, Trumbull has two people: First Selectman and a COO. They pay around \$180,000 to run that town.

Alderman Anglace: For purposes of understanding your recommendations, the 2014 salary adjustment to \$119,176 would become effective November 2014. The 2015 adjustment would become effective November 2015, and the 2016 adjustment would become effective November 2016. I say that because November is historical date that we implement the increases.

David Dunn: Correct. According to your ordinance, it is November so it is updated in November and 8 years thereafter.

Alderman Anglace: That raises another question. If we adopt your recommendations, we would make adjustments in three years. That would leave us a gap of 5 years. The cost of living factor would take over and that is all we could do in the next 5 years.

David Dunn: To correct you, I suggest that you continue to pay the cost of living. These are just equity adjustments; it is just getting him to him where he should be. A regular pay raise of a cost of living should be one quarter.

Alderman Simonetti: It would be \$119,176 plus the cost of living increase, which is 2.2% or 2.4%.

David Dunn: Yes.

Alderman Simonetti: So that number is the base salary, and should be a COLA on top of that.

David Dunn: Yes I think so.

Alderman Simonetti: Thank you very much. Excellent presentation.

Alderman Anglace: You are talking about the equity adjustments plus the cost of living for these three years. Then the next five years will just be a cost of living increase.

David Dunn: Yes.

Alderman Anglace: Okay, that leaves me with the next question: Should we also adopt a shorter period of time before we do the next salary survey? Right now, the ordinance is scheduled to do it every 8 years. Should we do it every 6 years? Would that be more appropriate?

David Dunn: Sure, that would probably give you a peace of mind that you are not going too long without making the adjustments. I have no problem making that recommendation that you also adopt the six-year preview of this issue.

Alderman Anglace: I think based on what you have pointed out here, maybe the equities crept in because of the jump from the smaller sized to a larger sized town, versus the number of years that we span?

David Dunn: I do not want to venture guess on to why that happened, but I do not have the full history of the Mayor's salary, in which I would then be able to go back and compare. I can tell you that the period of time that I have reviewed, these numbers are accurate as of 2013 and 2014. They are going to be out of date pretty soon.

Alderman Kudej: There has been some that have changed. The Police contract has been renegotiated.

David Dunn: All of those numbers that you pay in town have all changed.

Alderman Kudej: The 2013 numbers are what is going to be effective right now.

David Dunn: I think that it is fair in consideration, and prudent to maybe do this every 5 to 6 years.

Alderman Papa: After 5 years, maybe you will not need to adjust it as much.

David Dunn: I do not know if things are going to dramatically change in 5 to 6 years, so all of a sudden the other towns are going to jump way ahead. I do not think that is going to happen.

Alderman Kudej: We keep negotiating contracts, and then we have to pay them retroactively back to a certain date. We may have to go back a year, or two years and it changes the

structure considerably. It depends upon the percentage. There is no doubt that there is a discrepancy here, and it has to be adjusted.

David Dunn: Other employees who are in bargaining units, are covered by the Fair Labor Standards Act, so they would get time and a half. The Mayor does not get that. I would encourage you to look at this from the standpoint of an equity adjustment, and keep the cost of living adjustments in there. Some people may think it is a lot of money at this point in time, but I would say if you were giving the position the respect it deserves in my estimation, you would need to pay him more money. There is no way around it in my estimation. Frankly, you are a fortunate community and you benefit from the stability of consistent leadership for many years.

Alderman Anglace: I would like to summarize this. The ordinance under which Mr. Dunn performed his salary survey provides for him to look at the salary changes. He has recommended equity adjustments plus cost of living in the three beginning years of the cost of living, and in the next five years. It provides benefit changes and there are no recommendations to change the benefits. Life insurance will continue at two times his salary, medical insurance, accidental death and dismemberment and one times the life insurance rate, dental insurance, disability insurance, holidays, vacation, retirement, pension. All of that will continue as is. It also mentions in the ordinance the use of the city vehicle. Of course, the aldermen passed the resolution a while back in regards to the use of the city vehicle. We should take another close look at that. It seems to me that there are issues if you take the car and do things on behalf of the City. If you drive it to New York and park it in parking lot, or take a plane to represent the City at a conference. We do not want to trip over our feet but in essence, we are saying that it is unrestricted use of the vehicle.

Alderman Papa: I thought we had an ordinance on that.

Alderman Anglace: There was a resolution that we passed. It does not say unrestricted use; it has some restricted City use. I recall when I used to travel on behalf of the company, I would have company car. I would go places and sometimes they would allow me to take my wife with me. I would pay for my wife of course, but I would stay a couple of extra days on vacation. That gets into the situation where now someone could question whether its City use or personal use. If we say unrestricted use, it clears that up.

The fourth aspect of the ordinance that needs to be addressed is the recommendation to take that 8-year span where we do a salary survey every 8 years, and bring that down to 6 years.

Alderman Papa: I thought you said every 5 years?

Alderman Anglace: I would not bring it any lower than 6 years. No matter what you are going to do, you will be spending around \$4,000 to \$5,000 to do this. That is the summary as I see it. The next steps in this process would be the Finance Committee would have to recommend to the Full Board to accept your recommendation, and recommend them to the Full Board. When we do this Full Board meeting on December 11, 2014, at that time for the purpose of referring it to make changes to the ordinance and we would refer it to a Public Hearing, at the Full Board Meeting. It would probably be helpful if you at that meeting to explain to the other members of the board who are not here. In all fairness to them I think it

would be a good idea to go through it as you did tonight. Or, maybe just refer it to Public Hearing, and then at the Public Hearing is where you show up and explain it in detail.

Alderman Papa: When is the Public Hearing? Around the 27th of the month?

Alderman Anglace: It is usually around that time, but considering it to be December it would be around Christmas time.

Alderman Simonetti: Can we call a Special Meeting?

Alderman Anglace: What we will probably do is put it off until around the 27th of January. The other thing we should do, based on the recommendations is to have Counsel look at it and make sure it is on the legal aspects of what we are doing and state statutes. We are going to have to adopt language to modify the ordinance.

Alderman Simonetti: Do you want to do both at the same time? Or do the ordinance later?

Alderman Anglace: We cannot do both at the same time. In order to adopt the changes in order to make the changes to the Mayor's salary, you have to modify the ordinance. That has to go through the Public Hearing process and then it has to be adopted by the board at the following meeting. What concerns me the most is if we were to make the final passage of this sometime, let's say in February, would state statutes allow that to apply to the Mayor in the year 2014?

David Dunn: I think if you pass it in 2014, probably would be able to.

Alderman Anglace: We cannot possibly pass it in 2014 because it would need a Public Hearing first. We would have to talk to Tom about this first. Regardless, we can do a number of other things. If you cannot do it in that particular year in 2014 or 2015, you cannot go back to November 2014 then you make whatever is agreed to for 2014 and 2015 happen at the same time. Implement both of them and you would just delay the other one for another year.

Alderman Simonetti: Why do we have to change the ordinance in order to give him a salary increase?

Alderman Anglace: It is because his salary is set by ordinance.

David Dunn: To follow up on Anthony's point, will the Mayor still receive a cost of living increase?

Alderman Anglace: Yes that will be in effect. The equity adjustment would not apply but the cost of living would certainly apply.

Alderman Simonetti: I would also suggest that the Finance Committee have the numbers prepared and ready for any benefits that he has, as you already have spoken of. If anyone wants to see a comparison then they will be able to see it.

Alderman Anglace: I do not think I understand that. We are not making any changes to the benefits. He is entitled to life insurance to two times his salary, accidental death and dismemberment is one times his salary, medical insurance. He makes the same contributions as everyone else, same percentage that is no different. He also has dental insurance like everyone else, disability insurance, holidays, vacations, bereavement and pension.

Alderman Simonetti: The only thing that is different from everyone else is that he has a vehicle at his disposal.

Alderman Anglace: Well his pension is different also. He gets 8% contribution to his 401(k). Everybody else receives a 6% contribution. If you look at this, the Police Pension is roughly costing us 16.1% annually, however they do not receive social security. I do not know what the social security number is now, but our employees get 6% and the Mayor receives 8% and the other employees have to contribute to social security. So I do not think we have to worry about making comparisons to the benefits part because there is nothing to compare. Nothing is changing and he receiving them like everyone else, and only with one exception but that is easy to compare. Whatever his salary is, he gets 8%. His salary plus his 401(k) contribution constitutes as total compensation. The others are benefits.

Alderman Papa: All of these other numbers here are just salaries, not other amenities?

Alderman Anglace: Correct. That is the purpose of the salary survey to compare the salaries, so everything else takes care of itself.

Alderman Papa: So we will talk to Tom to find out the procedure on this.

Alderman Anglace: Yes will then have to talk to Tom Welch next. Dave, one of the major pluses that we have is the longevity and the stability not only of the Mayor's Office, but fortunately the legislative body as well. Whatever we pass here will apply to anyone who is elected Mayor. It does not apply to any one particular individual; it applies to whoever is the Mayor at any given time.

Alderman Papa: If we change the job grade number-

Alderman Anglace: No we are not going to do that.

David Dunn: I only added that as a hypothetical comparison.

Alderman Anglace: This will be presented to the Full Board on December 11, 2014, to go to Public Hearing. What we will have to do between now and then is to talk to Counsel on how to word those changes.

I just want to follow up on what Anthony had said before. The quality of the work done by the consultant throughout this period is that the facts speak for themselves. The recommendations are based on good, solid logic. You did go from a sub-grouping to a larger grouping so that is reflected. Plus, our original ordinance is still solid and serving us well. It does not need to be changed because the same fundamental issues that we compared 8 years ago and prior to that, still remain practical to the considerations today. Probably one

thing that was brought out, that was not brought out in the past was that many communities have more than one person operating their town and they are paying them pretty big money. That is a very valid consideration.

David Dunn: I would challenge you to look at other towns that have two chief executives, or more.

Alderman Simonetti: I would also like to add to the record that even though Mr. Dunn did this as a marker and decided what the salary should be. If my memory serves me right, when Mayor Lauretti was first elected in 1991, the City of Shelton had about a \$1 billion tax base. That tax base is now about \$5 billion. I think that speaks for how well the City has been managed and how it has grown.

Alderman Anglace: If a new person were elected Mayor, that person would step in right to this number. You have to do it that way because otherwise as we learned around 16 years ago, when there were 4 Democrats and 4 Republicans sitting on this board we put our heads together and said you cannot make this salary fit a person. It has to fit whomever is in this position.

3. ADJOURNMENT

Alderman Simonetti MOVED to adjourn at approximately 6:30 pm.

SECONDED by Alderman Anglace. A voice vote was taken and the motion PASSED unanimously.

Respectfully Submitted,

Brittany Gannon
Clerk, Board of Alderman

DATE APPROVED: _____ BY: _____

Mark A. Lauretti
Mayor, City of Shelton