

**MINUTES OF THE SPECIAL WORKSHOP MEETING
OF THE LADY LAKE TOWN COMMISSION
LADY LAKE, FLORIDA
October 25, 2017**

The Special Workshop Meeting of the Lady Lake Town Commission was held in the Commission Chambers at Lady Lake Town Hall, 409 Fennell Blvd., Lady Lake, Florida with Mayor Jim Richards presiding. The meeting convened at 9:30 a.m.

1. CALL TO ORDER

- 2. ROLL CALL:** Ruth Kussard, Commissioner Ward 1
Tony Holden, Commissioner Ward 2
Dan Vincent, Commissioner Ward 3
Paul Hannan, Commissioner Ward 4
Jim Richards, Mayor/Commissioner Ward 5

STAFF MEMBERS PRESENT: Kris Kollgaard, Town Manager/Town Clerk; Tia O’Neal, Human Resource Director; Dawn Woods, Accounting Specialist, in for Pam Winegardner, Finance Director; and Nancy Slaton, Deputy Town Clerk

3. Discussion of Increase to the Minimum and Maximum Pay Grades

Town Manager Kris Kollgaard began the discussion by reviewing and explaining the information provided to the Commissioners prior to the meeting (on file in the Clerk’s Office). This information included a survey of minimum and maximum salaries for each employee position for local municipalities including Mount Dora, Tavares, Eustis, Leesburg, and Lady Lake, and the average of all; the living wage calculation for Lake County showing \$11.51 an hour as minimum for one adult; cost of living adjustments for years 1975 through 2017 by Social Security; draft proposed minimum and maximum paygrade adjustments for Lady Lake for October 2017; new pay grade minimum impact to FY 2018 budget; and information on employee raises effective October 2017.

Ms. Kollgaard stated that the Town’s, as well as many other municipalities’, minimum and maximum salaries have not been increased since 2007 because of the economy at the time. She stated, however, that the Town has done well with keeping up with cost of living and merit increases, and thus, employee salaries are not low. She stated there will be some fiscal impact to the fiscal year budget with updating minimum and maximum salaries, although it will be less because raises have already been given since the beginning of the fiscal year.

Ms. Kollgaard stated that the Social Security cost of living adjustments add up to 16.6% from 2008 to 2017.

Commissioner Kussard commented that the COLA comes to 1.66% per year if you average that 16.6% over ten years.

Ms. Kollgaard agreed, stating this figure is not compounded. She stated the Mayor suggested taking the COLA for those years and raising minimums and maximums by that, but then it would be compounded. She stated that compression was taken into consideration when raising the minimums with the cost of living, which would result in a new employee starting out at the same or higher rate of pay than someone who has been employed longer.

Mayor Richards asked how this could happen when cost of living raises were given along with merit raises over the years.

Ms. Kollgaard passed out more information as an example, showing that the current payroll for the Police Department is \$2,025,853. It would jump to \$2,097,000 if the COLA since 2008 was added to it; a \$71,000 increase just for the Police Department, as it factors in increases in Workers' Comp, retirement, etc.

Commissioner Vincent stated he thought the Police Department's bargaining unit negotiated their wages.

Ms. Kollgaard stated that it is included in the Police Benevolent Association's contract that Police Department staff have been getting the same pay increases as other Town staff, and it has been that way for years. They understand that it causes problems with general employees if a difference is made.

Tia O'Neal, Human Resource Director, stated the language in the contract is that the police officers get whatever is approved by the Commission for the general employees, and this will be the proposed language in the contract that is being negotiated at this time.

Mayor Richards suggested that minimums and maximums should be reviewed each year at budget time along with the cost of living and merit increases, and adjusted at that time if necessary. He suggested that this be put on hold and adjusted next spring during the budget discussions.

Ms. Kollgaard agreed that minimums and maximums could be reviewed each year if the Commission so desired.

Commissioner Kussard stated she reviewed the Consumer Price Index from 2008 to 2017, and it averaged out at 1.72% each year, and with COLA from this time period averaging out at 1.66%, it seems steep to her to increase the figures 6%. She stated that some of the other municipalities are larger than the approximate Lady Lake population of 15,000, and that she is concerned that this increase will not be sustainable.

Ms. Kollgaard replied that this is just the minimum and maximum pay rates, not the salaries.

Mayor Richards agreed, stating that 60% to 70% of the employees are already in the budget at the same salary. This is an adjustment that has not been done before.

Ms. Kollgaard stated the Town needs to keep up with surrounding agencies for hiring, although it does not affect everyone's salaries, such as hers as Town Manager or Ms. O'Neal's. She stated the Town has been very good at giving increases, but starting pay needs to be adjusted, and some of the employees have reached the maximum for their position as well. She stated even with the proposed 6% adjustment, the Town does not exceed most other municipalities' pay rates.

Commissioner Vincent stated percentage increases sometimes cause too much of a spread between what one employee is getting versus another. He suggested that employees who have reached their maximum pay rate should receive a bonus rather than a raise, which would keep costing money for years to come.

Mayor Richards stated that the dollar is not worth the same in 2017 that it was in 2007, and they are not talking about raises for the sake of raises; it is for equivalent dollars to 2007. He stated he does not care what the other municipalities are paying until he knows what knowledge, skills and aptitude (KSA) are included for the position. He mentioned that Leesburg serves 50,000 people for utilities although their population is 15,000 or 16,000, as does Mount Dora, and this would make a big difference for the position of Public Works Director in their case.

Ms. Kollgaard stated the 6% proposed increase to the minimum and maximum pay rates are not in this year's budget, although the approximate cost of \$22,000 can be absorbed as the budget was based on a 5% increase for employees, and not everyone received 5%. Also, some positions are open and it will take time to hire in for them, and that money is already budgeted. She stated staff can plan for upcoming reviews of the pay rates for the upcoming budget as per the Mayor's suggestion, although it would have a bigger impact because people that have been here for a few years may then be making the same rate as new hires. Ms. Kollgaard stated this is bad for morale.

Commissioner Kussard asked how many people would be affected by the 6% increase.

Ms. Kollgaard replied that it would affect a total of eight employees in the Police Department.

Ms. O'Neal stated one of the reasons that minimum and maximums were not adjusted before was because the Town was in the correct curve as no one else was adjusting their pay rates, and some were not even getting raises until the past two years. She stated staff would like direction going forward on when or how to adjust the minimums and maximums. Ms. O'Neal stated salaries have been within the curve due to pay increases over the years. She stated you never want to be the highest or the lowest paying entity.

Mayor Richards stated that the 2008 COLA figure of 5.8% may be skewed due the fuel costs after Katrina, etc., and the 16.6% figure should possibly be 10% or 12% due to this.

Ms. Kollgaard agreed, although the CPI for 2008 was 8.68% in May, and 7.63% in October.

Commissioner Kussard stated she reviewed CPI figures from 2008 to 2017 for the month of September, and it was 17.2%, averaging 1.72% for the ten years.

Ms. Kollgaard explained how Finance came up with their figures. She reviewed page 21 of the packet which showed which employees will be affected by the new pay grade minimum, and reiterated that it includes budgeted open positions. She noted that general employees work 2080 hours, while police officers work 2184 hours.

Commissioner Vincent asked when this increase to the minimum would take effect.

Ms. Kollgaard stated if the Commissioners were in favor of this, it would have to be approved at a regular Commission meeting, and would then take effect on the next payroll.

Commissioner Vincent asked if the maximums are also being raised 6%.

Ms. Kollgaard stated it has been the practice of the Town to give a bonus instead of a pay increase to those employees who have reached their maximum pay rate. She stated the bonus was based on what their evaluation showed a raise would have been. Example: 5% of their salary of \$40,000 would be the bonus given instead of a pay increase. She stated when employees are topped out,

their base salary does not increase; they just get the bonus based on the percentage allowed for increases every year.

Commissioner Vincent commented that the salary does not compound in this case. He suggested that bonuses may be the way to go in some instances.

Mayor Richards stated that a job is only worth so much money; you do not have to pay a truck driver \$150,000 a year if the job is only worth \$40,000 a year. He stated this is why knowledge, skills, and aptitudes necessary for a particular position are listed. If you want to make more money, you would need to take on more responsibility, get more education, or do something that makes an employee more valuable for a particular position/salary.

Commissioner Vincent stated that Lady Lake appears to be doing well in comparison with other municipalities in regard to salary ranges.

Ms. Kollgaard stated that it is the minimums and maximums that need to be looked at, not the actual salaries.

Mayor Richards stated that the benefits such as medical insurance offered by the Town need to be taken into consideration as it is almost 10% of the Town's budget.

Ms. Kollgaard stated the Town's salaries are just a little below the median, although benefits make up for that somewhat, along with a stable budget, and the Commission is consistent with approving cost of living and merit increases.

Commissioner Kussard agreed that the Town's benefits are very good.

Mayor Richards stated that payroll costs make up almost 40% of the budget.

Ms. Kollgaard stated that if an employee has been with the Town for 20 to 30 years, the proposal is that the maximum can be increased by 10%. If an employee has been here 30+ years, the maximum can increase by 15%. She stated it is a reward for longevity and keeps employees from topping out.

Mayor Richards stated he does not agree with that, and reiterated that a job is only worth so much.

Commissioner Kussard agreed with Mayor Richards statement.

Ms. Kollgaard stated that these ranges have not been changed for over ten years and this has been the problem. She stated this can be reviewed every year if the Commission desires and this top-out problem should not be a problem in the future.

Commissioner Hannan agreed this should be a yearly exercise.

Mayor Richards stated the ranges should be tied to the COLA.

Ms. Kollgaard clarified that the Commissioners wanted the salary range minimums and maximums to be tied to the COLA every year, and suggested that it also be reviewed to be sure they are not increasing too much.

Commissioner Kussard commented that when hiring, starting salary is usually negotiable based on someone's experience, and noted that the benefits should be explained.

Ms. O'Neal agreed that this is taken into consideration, although not so much in entry level positions. She stated that staff reviews the budget when hiring to insure that it allows for bringing someone in at higher than starting salary if it appears their experience and skills warrants it. Staff also looks to insure that new hires with the same skills are not brought in at a higher salary than someone who has been here for a few years.

Ms. Kollgaard agreed that morale must be taken into consideration, and stated that when interviewing, staff shows the potential employee what their position costs the Town with benefits included. She stated that the Town tends to retain qualified staff because there is a good work environment, and the benefits and perks are good. She stated employees really like the wellness days (up to two days) and safety day.

Commissioner Kussard asked how many other municipalities offer wellness and safety days.

Ms. Kollgaard and Ms. O'Neal both stated that several other municipalities are now offering these benefits since the Town has started the programs.

Ms. Kollgaard asked if the Commissioners want to consider the 6% increase for the minimums and maximums.

- Phil Mathias of the Lakes of Lady Lake asked if Town employees just got a raise.

Ms. Kollgaard replied that employees just received a cost of living raise, and a merit raise based on their performance. She explained that if the budget includes up to a 5% increase for employees, and 2% is the cost of living increase, then an employee could get up to a 3% merit increase.

- Mr. Mathias asked whether the proposed 6% increase to minimums and maximums would be a bonus on top of the raises.

Mayor Richards replied that it would not. He explained that the minimum and maximum salary ranges have not been adjusted over the years for inflation, and that is what is being proposed. He stated that 70% to 80% of the employees will not see any difference in their salary ranges; newly hired employees may see a small increase, as may employees who have been maxed out.

Ms. O'Neal confirmed that it will not result in an across the board increase to employees.

Ms. Kollgaard stated that this proposal will affect 20 positions, with a few positions being open positions and some part-time positions. She explained that staff has proposed this after the increases have taken effect because it is less of an impact and it will be absorbed in the current budget.

Commissioner Vincent commented that the impact of just over \$22,000.00 will be spread out over ten months.

Ms. Kollgaard agreed, and pointed out that there are positions that are budgeted but not filled yet, and by the time someone is hired, a lot of the money is made up already. She asked if there were any other questions by the Commissioners, and hearing none, confirmed that the Commissioners

were agreeable to consider this proposal to increase these minimums and maximums by 6% at the next Commission meeting under the consent agenda. Then going forward, any cost of living adjustment to the minimums and maximums will be looked at each year during budget considerations to keep the Town current.

Ms. O'Neal stated she will re-advertise open positions once this is approved, and it may help bring in qualified applicants.

Commissioner Kussard asked if Ms. O'Neal knows of any other communities have a COLA.

Ms. O'Neal stated the most of the other municipalities she has spoken to have not done anything. She stated Zephyrhills has just paid a firm to do a study like the one Town staff has put together because they had not received raises in almost nine years, and they had to increase some of their salaries by 20% to 30%. She stated Tavares is also getting ready to hire someone to do the same type of study.

Ms. Kollgaard stated after these cities pay for these studies and make adjustments, their budgets will get hit hard. She stated years ago, the Town paid a firm approximately \$20,000 to do a Cody study, and afterward, she received a two to three dollar an hour raise.

Mayor Richards commented there was just one year when the budget was being balanced in 2009 that the employees did not get a cost of living increase.

Following discussion, it was the consensus of the Commission that they were in favor having this issue brought before them for approval at the next Commission meeting on November 6, 2017.

Commissioner Hannan stated this was a lot of work by staff and thanked them for a job well done, as did Commissioner Vincent.

Ms. Kollgaard thanked staff for their efforts as well.

6. ADJOURN: There being no further discussion; the meeting was adjourned at 10:28 a.m.

Kristen Kollgaard, Town Clerk

Jim Richards, Mayor

Minutes transcribed by Nancy Slaton, Deputy Town Clerk