

**MINUTES  
CITY OF ORMOND BEACH  
CITY COMMISSION WORKSHOP:  
COMPENSATION FOR APPOINTED OFFICIALS**

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**May 19, 2015**

**6:00 p.m.**

**City Commission Conference Room**

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**I. Call to Order**

Mayor Ed Kelley called the meeting to order at 6:00 p.m.

Present were Mayor Ed Kelley, Commissioners James Stowers, Troy Kent, Rick Boehm and Bill Partington, City Manager Joyce Shanahan, Assistant City Manager and Public Works Director Ted MacLeod, City Attorney Randy Hayes, Finance Director Kelly McGuire, and Human Resources Director Claire Whitley.

**II. Compensation for Appointed Officials Discussion**

Mayor Kelley noted that the City Commission had received the salary comparisons, showing the salaries of the City Managers and City Attorneys in other local municipalities, in their agenda packet. He asked the City Manager whether she would be going over any of that information with them.

Ms. Joyce Shanahan, City Manager, explained that staff had provided the information requested by the City Commission and that any discussion on the topic would be entirely up to the Commission. She stated that the agenda packet detailed the increases that had been received by herself and the City Attorney since her date of hire and also included a comparison of their salaries and those of City Managers and City Attorneys in other local municipalities. She noted that the conversation would be the Commission's and stated that staff could assist with the process of implementation. She explained that this was only a discussion in a workshop and that any formal action from the workshop would have to be placed on a future City Commission meeting agenda for approval.

Commissioner Boehm asked what the tentative proposed increases for employees were for the next fiscal year. He noted that the chart displayed in the agenda packet detailing those increases, but it ended in Fiscal Year 2014-15.

Ms. Kelly McGuire, Finance Director, stated that the Commission could decide whether they wanted to provide any increase for the current year and/or whether they wanted to provide instruction for increase implementation to begin October 1, 2015, during the next budget year. She stated that the bargaining units were at 2%.

Commissioner Boehm stated that he requested the information in order to get a better picture of how the increases had shaken out for each employee group and for the City Attorney and City Manager over the recent years.

City Manager Compensation

Mayor Kelley stated that he would like to discuss the City Manager first. He stated that he extrapolated a number on his own and noted that Ms. Shanahan's current salary was \$138,320. He explained that his thought was to increase her salary to

\$145,000; whereby, Commissioner Kent noted that \$145,000 was the exact number he was thinking about, also.

Mayor Kelley explained that he had looked at the salary that the new City Manager recently hired at Deltona was given and noted that she had been provided a beginning salary with built-in automatic increases. He stated that the individual could not possibly be as good as Ms. Shanahan. He asked if anyone had a different figure that they were considering. He explained that his reasoning also included the fact that there were three years where no increase was provided for Ms. Shanahan due to financial constraints.

Commissioner Partington stated that he was thinking about a 4% increase, whether by increasing 2% one year and 2% the next or 4% at once. He noted that a 4% increase would put Ms. Shanahan's salary close to \$145,000. He stated that when reviewing the other comparable salaries he thought that was decent as it would be in the middle of the range. He explained that sometimes it was best not to be the highest in the range and noted that it was definitely not good to be the lowest. He stated that he also was going to suggest 4% for the City Attorney's compensation increase. He noted that he was open to discussing other numbers.

Mayor Kelley stated that Commissioner Partington's suggestion would put Ms. Shanahan's salary in line with the City Manager in Deland. He asked if the salary listed for the City Manager in New Smyrna Beach was the most up to date; whereby, Ms. Shanahan confirmed that it was. Mayor Kelley noted that he found that salary to be very low.

Commissioner Kent stated that New Smyrna Beach made up for that with what they paid their City Attorney; whereby, Commissioner Partington stated that New Smyrna Beach was half the size of Ormond Beach. Commissioner Kent noted that New Smyrna Beach's population size was listed in the chart provided as 23,400 and that their City Attorney's salary was \$200,000.

Commissioner Boehm stated that he was going to suggest 5%. He explained that 5% added to the 4% which was already received would bring the City Attorney and City Manager to 9%. He explained that 9% would be in line with what the increases given to other employees. He stated that his suggestion would take Ms. Shanahan's salary to around \$145,000.

Commissioner Stowers stated that he would suggest a 2% pay increase and a 2% increase in the city's contribution to Ms. Shanahan's defined contribution plan. He stated that it would take the city's contribution from 10.8% to 12.8%.

Commissioner Boehm stated that if that was how Ms. Shanahan wanted her increase structured he had no problem with it. He stated that 5% was equal about \$6,900 and would take Ms. Shanahan's salary to just over \$145,000.

Mayor Kelley stated that it seemed pretty simple. He suggested increasing Ms. Shanahan's salary to \$145,000 and allowing her input on how to structure that increase. He asked for clarification on the deferred compensation that Ms. Shanahan received.

Ms. Shanahan explained that 10.8% was contributed as a retirement plan for her as opposed to a defined benefit plan. She further explained that the contribution automatically grew with her salary so increasing it would in effect be paying her twice.

Mayor Kelley stated that he was still comfortable with that. He requested that the increase be structured however appropriate.

Commissioner Kent stated that he was comfortable with Ms. Shanahan's compensation being increased to \$145,000 because she went three years without any increase and each member of the Commission raved about her. He noted that members of the media were in attendance, and he explained that he wanted them to have an understanding of why the Commission wished to provide Ms. Shanahan with the increase. He stated that Ms. Shanahan did an excellent job as the City Manager and had never embarrassed the city. He stated that as an elected official who represented the people, he knew that they would be extremely satisfied with what the Commission was doing in order to ensure that they could keep Ms. Shanahan in Ormond Beach.

Mayor Kelley stated that those in the community were completely satisfied with Ormond Beach and that the credit for that went to Ms. Shanahan.

Ms. McGuire asked for clarification, specifically whether the Commission wanted the increase implemented immediately or for the next fiscal year; whereby, Mayor Kelley suggested going ahead with the increase if the funds were in the budget, and Commissioner Kent stated that he would like the increase to begin immediately, noting that it would have to be voted on at a regular meeting.

Ms. Shanahan stated that she appreciated the Commission's generous comments but explained that she would prefer that any salary adjustment keep her in line with what the other employees received, noting that the suggested 2% plus 2% increase would do so. She stated that she was a highly compensated individual and liked what she did. She noted that she would prefer 4%, comprised of 2% one year plus 2% the next year, rather than a 5% increase. She reiterated that the figure would keep her in line with what had been afforded to the other employees.

Mayor Kelley stated that they should have expected Ms. Shanahan to say that.

Commissioner Kent stated that he did not accept that. He noted that he would have a friendly discussion about the increase with any city employee or resident and explained that he had justification. He stated that if Ms. Shanahan wanted 2% plus another 2% and the Commission agreed, he would be accept that. He noted that he did not accept it at first glance, however, because Ms. Shanahan was amazing at what she did and stated that Ms. Shanahan's comments were reflective of that.

Mayor Kelley noted that Commissioner Partington had originally suggested a 2% increase one year plus a 2% the next year.

Commissioner Boehm asked if Ms. Shanahan was more comfortable waiting until October 1, 2015, the start of the new fiscal year, for a 5% increase; whereby, Ms. Shanahan replied that she was not. Commissioner Boehm stated that the proposed increase would only serve to bring Ms. Shanahan in line with the other increases

already received by the employees over the years. He noted that Ms. Shanahan would not be getting a greater increase than the employees with that being taken into account.

Commissioner Kent stated that Commissioner Boehm was correct. He stated that the general employees had received 3% and 2.5% in previous years, which totaled 5%. He noted that he could not really judge the increase against what the fire employees had received and explained that the city's fire employees used to be paid at the top of the range and were eventually leveled off. He stated that he agreed with Commissioner Partington that they did not want the employees to be at the top or bottom of the pay comparison range. He stated that a salary of \$145,000 kept Ms. Shanahan in the mid-range, which was fair. He stated that if Ms. Shanahan wanted her increase to be structured as 2% plus 2% he would agree with it.

Ms. Shanahan confirmed that was her preference; whereby, Mayor Kelley stated that that was what would be done. Ms. Shanahan thanked the Commission.

Commissioner Partington stated that he respected Ms. Shanahan enough to honor her wishes, but he felt like he was not sure if that was exactly right.

Mayor Kelley stated that he was thankful for Ms. Shanahan.

Ms. Shanahan stated that she was thankful as well and grateful to be a part of the community. She stated that Ormond Beach was her home and that she was grateful to have been embraced by the community. She explained that she had worked for many local governments and knew that she was more than blessed to be led by such a fine group of individuals, who were always able to respectfully reach a conclusion even if they did not agree. She noted that kept the city moving forward. She stated that the city had an amazing group of employees who worked as a team.

#### City Attorney

Mayor Kelley stated that for years City Attorney Randy Hayes had expressed that he was comfortable with his compensation; whereby, Commissioner Kent noted that the Commission once tried to give him a raise which he declined.

Commissioner Kent stated that he looked at the comparative salaries provided and also knew that some other cities contracted out their attorney services. He stated that when Ms. Shanahan provided her evaluation she supplied an impressive list of accomplishments. He stated that Mr. Hayes did not send such a list out, but he looked at what he and his staff had accomplished and explained that those accomplishments were in addition to the resolutions and ordinances prepared and included in the agendas every two weeks. He noted that he was blown away by the effectiveness, efficiency and professionalism. He explained that he was embarrassed when he looked at the salary comparables. He stated that it was not right that Mr. Hayes was paid at the bottom of the range. He reiterated that Mr. Hayes had declined raises in the past.

Commissioner Kent stated that he was most comfortable with providing Mr. Hayes an increase that would move him into the midsection of the comparables range. He stated that he would like to see Mr. Hayes receive a \$10,000 raise which would increase his salary to \$123,000. He noted that he did not know what that came out to exactly percentage-wise and that he might be the only one that felt that way. He

stated that the city received a bargain for Mr. Hayes at \$113,500, noting that Mr. Hayes represented the city well. He noted that a pat on the back only went so far. He stated that he was not comfortable with Mr. Hayes' current compensation or providing him just a \$3,000 increase in order for him to be equally compensated with Port Orange's City Attorney. He explained that he would vote for such a raise just to ensure that Mr. Hayes received something, but he was thinking that Mr. Hayes deserved to be at the \$123,000 salary range.

Mayor Kelley stated that he thought that the compensation for the City Attorney for Deland would be listed on the comparables. He noted that Deland had a City Attorney and did not contract their service out; whereby, Ms. McGuire stated that she believed when they called Deland they had stated that they contracted out their City Attorney service; whereby, Commissioner Partington stated that he believed that they did, as well.

Mayor Kelley stated that he did not think that Commissioner Kent's suggestion was out of line. He noted that he was going to suggest increasing Mr. Hayes' salary to \$125,000.

Commissioner Kent stated that Daytona Beach's City Attorney's salary was \$197,000, noting that Daytona Beach was a different situation, and that New Smyrna Beach's City Attorney's salary was \$200,000. He stated that every single comparable was higher. He stated that he was anxious to hear the rest of the Commission's comments and noted that there were three attorneys on the Commission who would have good insight.

Mayor Kelley stated that the beautiful thing was that it had been proven over the last 20 years that it was not the money that was keeping Mr. Hayes with the city. He stated that Mr. Hayes enjoyed what he did and did a great job doing it.

Commissioner Kent noted that Mr. Hayes had been with the city for 22 years; whereby, Ms. Shanahan replied that April Fools' Day had been Mr. Hayes' first day.

Commissioner Stowers stated that he had recently transitioned from practicing as a private attorney to being in-house counsel. He explained that he had found that not only was he doing cases on his own, but he was coordinating with outside counsel on other matters and in fact had more work than before. He noted that he saw Mr. Hayes' position as very similar as he also referred out cases, worked with outside counsel, and took on things himself. He calculated that an attorney working 40 hours a week for 52 weeks a year would be working 2,000 hours a year. He explained that at Mr. Hayes' current salary that would come out to an hourly rate of \$56 an hour. He further explained that was a bargain for an attorney. He stated that he agreed with Commissioner Kent and Mayor Kelley, but cautioned that he did not want to get into a position where this would be looked at along with the other employees, who were only being given a 2% increase. He noted that the City Manager and City Attorney were two very unique positions with unique sets of responsibilities. He stated that he liked the Mayor's offerings of dollar figures for both individuals that were in line with the market and the responsibilities of the job. He stated that he was also comfortable with Mr. Hayes receiving a salary of \$125,000.

Commissioner Partington stated that he was suggesting a 4% increase one year plus a 4% the next year for Mr. Hayes, which would take his salary to \$122,594. He

explained that sometimes it was good to not be at a hard number such as \$125,000. He stated that Mr. Hayes provided exceptional, quality legal service. He noted that Commissioner Stowers was right and that \$60 an hour was cheap for a paralegal's rate at some quality law firms. He noted that while he did not always agree with everything from the Legal Department, he could call Mr. Hayes and have a great discussion about it.

Commissioner Boehm stated that in the past the value received had not been responded to. He noted that the city was truly receiving a bargain for both Mr. Hayes and Ms. Shanahan. He stated that if one tried to hire an attorney with 28 years of experience they would have a hard time getting one for a salary of \$113,000, especially with Mr. Hayes' background, abilities and the amount of work he had done. He explained that just in the last week Mr. Hayes sent the Commission detailed emails regarding ordinances that demonstrated that he was attempting to deal with a problem in the city and address it in a creative and unique way. He stated that he would suggest a 10% increase, as such an increase would not come out to an even number. He noted that he had had \$125,000 in mind. He suggested that it could be split as increases of 4% and 6% or 5% and 5%.

Mayor Kelley stated that he was comfortable with that.

Commissioner Kent stated that Commissioner Stowers mentioned something that resonated with him. He explained that he agreed with Commissioner Stowers about the perception of other employees perhaps being that they did not get as much of a percentage and also agreed that the position of City Attorney and City Manager were different than other positions. He recalled that previously there was an issue several years ago where the police employees were being paid a lower rate than that of other communities, and the Commission had worked to get them into the mid range. He noted that the opposite had been done with fire employees, who had been being paid in the highest range. He stated that fire was in the higher mid-range and police was in the lower mid-range. He explained that he mentioned that before to note that the precedent had already been set to adjust compensation to move into the mid range. He stated that he was more than comfortable with increasing Mr. Hayes' salary to \$125,000 and noted that he had actually been nervous speaking first as he thought that he might not get support for his suggested salary of \$123,000. He stated that he was fine with a hard number.

Ms. Shanahan stated that she believed it had to be done in order to remain competitive. She explained that if Ormond Beach's City Attorney was paid \$113,000 and something happened where unfortunately the city had to hire another attorney, they would never find one with Mr. Hayes' level of skill and expertise at that salary. She stated that she would call the increase a competitive adjustment rather than a salary increase and explained that the Commission was adjusting Mr. Hayes' salary to where the market was. She stated that she thought that it was a reasonable approach to do so for the good of the city.

Mayor Kelley stated that it did not bother him to make the salary \$126,200 or \$124,600, so that it was not a hard number. He stated that a few people may look at that increase and complain that Mr. Hayes was getting too much, whether it was a percentage or a dollar amount increase.

Commissioner Kent stated that those that complained could be sent to any member of the Commission for clarification. He stated that he would speak to anyone who wanted to have that discussion.

Commissioner Partington stated that an increase of 5% plus 5% came out to \$124,864; whereby, Mayor Kelley confirmed with the Commission that should be the increase amount.

Commissioner Kent explained the Commission had voted to give themselves a 10% pay cut when they did not provide increases for the employees and that the Commission had never gone back to recoup that reduction. He noted that he knew that was not what the workshop at present was about, nor was he trying to bring up the topic. He reiterated that he would be willing to speak to anyone with concerns over the adjustments being given.

### **III. Adjournment**

The meeting was adjourned at 6:29 p.m.

Transcribed by: Colby Cilento