

**BOARD OF SELECTMEN
EXECUTIVE SESSION
MINUTES JUNE 13, 2016
APPROVED & RELEASE**

Present: John G. Petropoulos, Chair; Joshua A. Degen, Vice Chair; Barry A. Pease, Clerk; Peter S. Cunningham; Anna Eliot

Also Present: Mark Haddad, Town Manager; Dawn Dunbar, Executive Assistant

Mr. Petropoulos called the meeting to order at 5:30pm.

Mr. Cunningham moved to enter into Executive Session pursuant to MGL c.30A, §21, Clause "To conduct strategy sessions in preparation for negotiations with non-union personnel or to conduct collective bargaining sessions or contract negotiations with non-union personnel." – Police Chief's Contract. Mr. Pease seconded the motion. Roll Call: Cunningham-aye; Degen-aye; Eliot-aye; Petropoulos-aye; Pease-aye

Mr. Haddad said that the Chief was asking for 137K as the Board was aware adding he had put together something for the Board to review. He said that the Budget Sustainability Committee was currently looking at salaries with the average increase for department heads being at 3.7%. He said he wanted to use that as a basis to start this discussion. Mr. Haddad said that an annual review would have given the Chief a performance increase of 2%. Mr. Haddad proposed the following:

FY 2017 Salary of \$131,547 (an increase of 4%)

FY 2018 Salary of \$134,177 (an increase of 2%)

FY 2019 Salary of \$136,861 (an increase of 2%)

In addition to this, Mr. Haddad proposed that they restore the Emergency Management Director Stipend that was removed from the budget in FY 2010. The stipend was budgeted at \$4,500 in FY 2010, but was removed due to budgetary constraints that year. He proposed restoring the stipend at \$5,000 annually as the Police Chief serves as the EM Director. Mr. Haddad said that this would bring his annual compensation in FY 2017 to \$136,547. Mr. Haddad said that other department heads get stipends such as Mr. Delaney who gets one for being the Animal Control Officer and Dog Officer. Mr. Haddad also suggested that the health insurance contribution mirror his new contract of 80/75/70. He said that the Chief's vacation, clothing allowance and vehicle would stay in place. Mr. Cunningham added that the vehicle was part of the budget. Mr. Haddad agreed. Mr. Haddad said that he didn't want to lose Chief Palma as their Chief. Mr. Cunningham agreed adding that it was an important consideration to keep in mind while discussing this. Mr. Petropoulos said that the potential to lose someone was not a good reason to adjust a salary. He said that no one was irreplaceable.

Ms. Eliot said that she was reading the executive session meeting minutes from when they met with the Finance Committee. She said that they discussed whether or not the Chief was underpaid and was acknowledged at that meeting that he was. She said that she wanted to acknowledge as a town where they were before Chief Palma was hired and where they were now. She said that he had really turned the department around adding she had been approached by a number of people not wanting to lose him. She said that he had brought a level of trust that no Chief had brought to this town. Ms. Eliot said that she had lived here her whole life and had seen a lot of Chief's come and go. She said that Chief Palma had brought a level of protection, responses, and peer interaction that has been demonstrated by the confidence that the Town has in their police department. She thought that this merited an accelerated raise.

Mr. Petropoulos noted that the Executive Session minutes did not contain reference to an agreement that the chief was underpaid and asked Ms Elliot to point out that reference.

Mr. Pease said that if the Chief was the best of the best they should offer the same metric they would offer other department heads; two plus two. He said that that approach would give them the ability to recognize what he's worth. He said that they could make a 2% bonus not part of his base pay and set a precedence for the way they want to compensate individuals. He said his proposal would be for 2% each year with a 2% bonus adding that according to his calculations, that would get the Chief to \$138K at the end of three (3) years. Mr. Pease said he thought this was a reasonable pathway to maintaining fiscal reality.

Mr. Degen said that he couldn't agree with Mr. Haddad's proposal but did agree with Mr. Cunningham and Ms. Eliot. He said that Chief Palma was the best chief but they were the bosses and had budget issues facing them. Mr. Degen said that the Chief was aware of those budget issues and expressed wanting to work five (5) more years before retiring. He thought they should be looking at a five (5) year contract not a three (3) year contract adding he didn't believe Chief Palma wanted to finish his career elsewhere. He said he was not in favor of restoring the EM stipend but thought that Mr. Pease might be on to something. He thought they should look at a higher first year increase to maybe sweeten the pot and look at the calculations for a five (5) year contract. Mr. Haddad said he didn't think the law allowed for a five (5) year contract.

Mr. Cunningham said he didn't think they had a leverage issue adding that the Chief could retire now. He said that they received feedback from the Personnel Board that the Chief was essentially underpaid and was something to consider in his opinion. Mr. Cunningham said that the EMA was not do nothing work adding they got something back for that and were not just throwing money back at the pot.

Mr. Petropoulos said that stating he was underpaid didn't stand up with the Personnel Board's calculations in his opinion. He said that he was with Mr. Degen on the stipend citing fiscal constraints. He said that he was okay with some sort of bonus that was set to something tangible. Ms. Eliot said that the Chief was underpaid when he came in because he was a first time Chief. Mr. Petropoulos said that they had reconciled that according to the salary survey. He said that they couldn't compensate all department heads like this just because they are the best. Mr. Cunningham said that he appreciated what he means to the department adding they would see a decrease in morale if they were to lose him. Mr. Haddad said that losing the Chief would be a disaster for the Town and the department. He said that he had received a number of calls from members of the department expressing their concern. He said it was important for them to keep Chief Palma for three (3) more years adding that you needed to take a chance on some employees; the Chief was one of those employees. Ms. Eliot said that it would end up costing them more at the end of the day of they were to lose him.

Mr. Pease said that the difference between his proposal and Mr. Haddad's was \$15K over 3 years. Mr. Haddad said that they would spend \$15K on a Police Chief search. Ms. Eliot said that a lot of what had gone on with their Fire Department had been fixed by the good relationship the Fire Chief and Police Chief now have adding they work well as a team.

Mr. Degen offered the following proposal:

Year 1 - \$135K – 5% increase
Year 2 - \$137K – 3% increase
Year 3 - \$141K – 3% increase

He said it was a premium of 11% net or 3.7% year over year. He said he would also propose increasing the health insurance contribution to 77/74/70 over three (3) years. Mr. Haddad said that he thought it was a good deal adding he wanted then Board to know he wasn't trying to put scare tactics out there with his comments. Mr. Petropoulos said that he knew that. Mr. Degen said that there was a certain point where you could pay a premium for an individual using a personal experience as an example. Mr. Degen said that it was a richer counter than he would like, but thought the Chief was a premium employee and said there was a time where you pay a premium. Mr. Cunningham said that they would be taking a big chance by saying they could find someone else.

Ms. Eliot moved that they counter offer using Mr. Degen's proposal for a three (3) year contract of 5%/3%/3% with health insurance contribution of 77/74/70. Mr. Cunningham seconded the motion.

Mr. Pease said that his proposal was 8% over three (3) years. Mr. Degen said that they were talking about a difference of about \$5K a year. He said that he thought he had been fiscally prudent adding that he was not willing to take a chance over \$15K over three (3) years. Mr. Pease suggested 2% plus a 2.5% bonus. Mr. Degen asked who would be the one to determine the bonus. Mr. Haddad said that he would be responsible for doing the Chief's evaluation. Mr. Pease said he had not doubt the Chief would meet his goals. Mr. Petropoulos said he thought he heard they were looking to do away with the performance bonus. Mr. Haddad said that it was still in place in the union contracts for FY17 and FY18.

Mr. Degen said that they should vote to reconvene this Executive Session at the conclusion of Town Meeting.

Ms. Eliot at 6:15pm moved to recess the Executive Session until a time uncertain at the conclusion of the 2016 Spring Town Meeting that evening. Mr. Cunningham seconded the motion. Roll Call: Cunningham-aye; Degen-aye; Eliot-aye; Petropoulos-aye; Pease-aye

Mr. Degen moved at 8:02pm to reenter Executive Session to discuss the Police Chief's contract. Mr. Pease seconded the motion. Roll Call: Cunningham-aye; Degen-aye; Eliot-aye; Petropoulos-aye; Pease-aye

Mr. Haddad said that they left off with Mr. Degen's proposal of 5%/3%/3% with 77/74/70 health insurance contributions and Mr. Pease's counter offer of 2/2/2 with 2/2/2 in bonus's or a variation of that. Mr. Haddad said he wanted to point out that a bonus payment would not count toward retirement. Mr. Pease asked why he was pointing that out. Mr. Haddad said the reason was because the Chief was aware of this. Mr. Degen said he felt that the salary was right in line with the survey done and didn't think the 11% he threw out there was that off. He added that the percentage might be somewhere between his number and Mr. Pease's number. Mr. Petropoulos said he couldn't understand the rationale for giving someone what they asked for. Mr. Haddad said that this was a 40 year professional who had changed the department since being hired. Mr. Haddad said that the Chief was basing his requested offer on what surrounding chiefs were making. Mr. Pease argued that the comparisons done were not apples to apples and didn't want to see a precedent set. Mr. Cunningham said that they needed to look at the individuals in the job and whether or not it was worth having them. He said that employers do stretch and pay those individuals even in the private sector. Mr. Pease said that he couldn't reconcile the idea that you could not talk to someone about changes and choices. He said that they should be reaching out to the Chief and explaining the reasons they wanted him to stay in Groton as the Chief and the reasons they couldn't reach his numbers. He said he found it hard to believe that money meant everything to him adding they should be able to negotiate with him. He said that trying to meet that objective by giving in didn't make sense to him. Ms. Eliot said that she was looking at the well-being of the community also. She said for her, it was not a question of money it was well-being, which she thought was priceless. She said that she thought the community would be willing to pay more and thought it would be foolish if they were to lose him over \$5K. She said she felt the Chief was extremely important to this community and thought she could justify a raise to anyone.

Mr. Degen said that he thought this was a good discussion. He suggested the following as a good next step:

FY17 – 130,000 + 2% bonus of \$3,900 not tied to the base
FY18 – 132,600 + 2% bonus of \$4,200 not tied to the base
FY19 – 135,200 + 2% bonus of \$4,500 not tied to the base

Mr. Haddad asked what the total was at 5/3/3 with no bonuses. Mr. Degen said it was the same money. Discussion ensued as the Board worked through different scenarios with no bonuses. Mr. Haddad said that year one was most important to the Chief adding he wanted to be at \$137K in the first year of the contract to put him in line with area chiefs. He explained that it was his job as Town Manager to hold the line and negotiate what the Board directed him to do but said that Chief Palma's contract was different adding that there were always positions you go outside the box for. He said that since the Chief had been hired, they don't have problems with the department adding they needed to take that into consideration. Mr. Petropoulos said that if they were to look at Mr. Pease's point, the Town had been good to him and he had been good to the Town. He said that the Chief knows there current financial situation and thought he would partner with the Town during these tough financial times. He thought this was going to set a precedent for others moving forward.

Mr. Haddad asked what his and Mr. Cunningham direction was.

Ms. Eliot said that she was not going to withdraw the motion she made earlier of 5/3/3 with insurance at 77/74/70. The motion made by Ms. Eliot and seconded by Mr. Cunningham failed by a roll vote of 1-4 with Ms. Eliot in favor.

Mr. Haddad offered the following suggested offer:

Year 1 – 4%
Year 2 – 2%

Year 3 – 2%
With health insurance splits of 80/75/70

Mr. Haddad said that this was in line with union contracts and employees who had averaged 3.79% last fiscal year. Mr. Pease said that that was an offer he could accept. Mr. Petropoulos said he could end up there. Mr. Pease said it was a good serious offer in his opinion.

Mr. Degen moved that they offer Chief Palma a three (3) year contract offer at 4/2/2 with no bonuses, health insurance split at 80/75/70, and a new car, which he was entitled to anyway, all subject to Town Meeting appropriation. Mr. Pease seconded the motion. Roll Call: Cunningham-aye; Degen-aye; Eliot-aye; Petropoulos-aye; Pease-aye

Mr. Petropoulos moved to adjourn and not return to open session at 8:36pm. The motion was seconded. Roll Call: Cunningham-aye; Degen-aye; Eliot-aye; Petropoulos-aye; Pease-aye

Approved: _____
Barry Pease, Clerk

_____ respectfully submitted,
Dawn Dunbar
Executive Assistant to the Town Manager

Date approved: 7/25/16