



**Town of Surfside  
Town Commission Meeting  
October 11, 2011  
7 p.m.**

Town Hall Commission Chambers - 9293 Harding Ave, 2<sup>nd</sup> Floor  
Surfside, FL 33154

**DISCUSSION ITEM MEMORANDUM**

- Title:** Compensation Adjustment for the Town Manager
- Objective:** To recognize the level of service and results demonstrated by our Town Manager over the past twelve months and compensate him a manner commensurate with his performance, consistent with comparable communities, within our budget, and in adherence to the annual review provision in the Town Manager's contract.
- Background:** On September 14, 2010, this Commission voted to hire Roger Carlton as our interim Town Manager for ninety days and on December 14, 2010, voted to hire him permanently. One provision of Mr. Carlton's employment agreement was that the Commission perform an annual evaluation by December 15<sup>th</sup> for possible merit/performance salary adjustment.
- During the June 14, 2011 Town Commission meeting, Commissioner Kopelman placed an agenda item directing the Mayor to review the Town Manager's compensation package. The Town Manager requested the item be deferred until after the FY 11/12 budget cycle was completed. During this process, in part thanks to the Town Manager's work, the millage rate was lowered and there were no increases as originally expected for water/sewer/storm drainage rates. There was also no increase for the very high level of service we receive in solid waste collection and recycling programs.
- Consideration:** It is important to consider Mr. Carlton's performance in the job, comparability/parity with nearby similar jurisdictions and internal equities. There is no established set of guidelines so I reviewed Mr. Carlton's performance on the following criteria I found to be pertinent:
1. **Work Ethic:** The Town Manager consistently works seventy hour weeks, including attending and leading many evening meetings each week.
  2. **Due Diligence:** The Town Manager has quickly familiarized himself with the history of Surfside and has met (and continues to in many cases) with past and present community leaders to gain valuable perspective on issues ranging from cat management to economic development.
  3. **Mentorship:** The Town Manager has mentored department directors and staff in a focused effort to raise proficiency, efficiency and accountability. This action will have a positive, long-lasting impact on the lives of Town employees and has certainly improved the value of service provided to our residents. In addition, the Town Manager's years of

experience in both the public and private sectors and extensive relationships throughout all segments of the South Florida community have been shared without reservation with the staff and the energy level of our key people is visible and felt by all residents and visitors of the Town.

4. **Responsiveness and Demeanor:** The Town Manager provides requested information quickly (a few days at most), calls and e-mails are returned within hours and initiatives are included in the Points of Light for monitoring. He also has an open-door policy for any resident or interested party to meet with him. The Town Manager treats all members of the Town Commission respectfully and fairly and does the same for Boards and Committees. While he has occasionally displayed indignation, he is self-reflective and has modified his behavior accordingly.
5. **Operational Enhancements:** One of our charges to the Town Manager is to implement technology to better deliver services (and reduce operational expenses). This has occurred in the parking program (electronic multi-space meters), water/sewer billing process (using Municode/Muni-bills), Parks and Recreation (automated patron ID system), telephone system conversion to VOIP and the recently initiated program to convert Town records in the Clerk's office and Building Department to electronic images. Improving the Town's website is also underway.
6. **Organizational Improvements:** The Town Manager has realigned the Town administration to better meet the needs of the community. This has occurred in the Clerk's Department where contracts are now monitored and document imaging has begun to improve the availability of public records and reduce storage expenses. A new Code Compliance Office has been hired to bring stability and consistency to our code compliance program. A new Public Works Director was also hired who quickly restored confidence in the Department.
7. **Operational Transparency:** The Town now posts weekly check registers on the Town Website, the CAFR contains financial information never presented to the Town Commission or our citizens in the past, the budget summary contained in our monthly agenda presents both revenues and expenditures to better reflect our economic condition, the Gazette has been enlivened as to format and content, we have a website up and running for two major capital projects giving citizens access to information 24/7, and the Points of Light monthly report keeps us and our constituents up to date on many initiatives.
8. **Enthusiastic Administration:** One of the reasons that I advocated for a new Town Manager was the need for effective administration of Commission policy. We now have it. To be sure, it sometimes means that he moves quickly to accomplish a task or resolve a time-sensitive issue. However, at the end of the day, if the water/sewer/storm drainage project or the recommendations of the Downtown Vision Advisory Committee or reform of the code enforcement program seem too aggressive, we can all vote "no" on any issue or suggest modifications and limitations. Personally, I would rather modify a recommendation or vote "no" rather than have no recommendation to consider.
9. **Development Process:** The Town Manager initiated and brought to life the Development Impact Committee, which is a transformational process to ensure that

major developments are well designed and provide mitigation for their impacts on the Town. The two examples that have gone through the DIC process are the Transacta Lanai 175 room hotel and the Grand Beach Surfside 341 room hotel. Both projects have been modified substantially from the initial proposals for the betterment of the community. The Town Manager has proven himself to be a tough negotiator for offsite contributions totaling more than \$500,000 for the benefit of the Town and its residents and visitors.

10. **Advocacy:** The ongoing issues with the City of Miami Beach relative to their receipt of our sewage and the need to update their aging infrastructure as well as the resolution of the sand pile issue with the Florida Department of Environmental Protection and the recently engaged effort with Miami Dade County to meet their obligations in the Building Better Community Bond issue funded northern sewer force main demonstrate the Town Manager's ability to take tough positions on the Town's behalf. At the same time, the joint force main project with Village of Bal Harbour as well as the street sweeping and bus route expansion program with the City of Sunny Isles Beach reflect a cooperative capability where appropriate.
11. **Innovation and Long-Term Thinking:** While the political process in Surfside creates great challenges for long term thinking (two year election cycle for all members of the Town Commission), the Town Manager's Five Year Financial Plan has created the vehicle for all of us to think how our annual adoption of the budget impacts the goals of revenue diversification and creating adequate reserves that were greatly diminished by cash funding the construction of the Community Center. Innovations, such as alternative financing using bond funds to replace/repair the water/sewer/storm drainage fund is but one example as is the leasing of police vehicles to provide a safe and efficient fleet and actually reduce operational costs.
12. **Continuous Learning:** We receive an extraordinary amount of articles that are relevant to the issues we handle as part of our responsibility to the people of Surfside. We also each meet with the Town Manager to discuss local and regional issues that helps us gain perspective that informs our policy positions.
13. **Sense of Humor:** I love the New Yorker and Wall Street Journal cartoons. We also seem to be able to laugh at Town Commission meetings no matter how contentious the issue and we go home without anger and acrimony. Certainly the Town Manager's desire that we all have fun and feel a sense of accomplishment in our elected roles has a lot to do with this.

In terms of external equity with the salaries of managers in our neighboring communities (e.g., Town of Bay Harbor Islands, Village of Bal Harbour and City of Sunny Isles Beach), there is inequity. While not determinative on its own because many considerations go into each municipality's formula, it should be considered. Our Manager's current salary is \$121,105, while the salary for the manager's in our neighboring communities is significantly higher: Town of Bay Harbor Islands = \$142,116; Village of Bal Harbour = \$146,600; and City of Sunny Isles Beach = \$180,000). The Managers all have comparable benefit packages.

In terms of internal equity, conventional wisdom is that a supervisor should earn more than subordinates. Chief Allen's salary is currently ten percent higher than the Town Manager. This situation is contrary to conventional wisdom.

You have heard me remark on many occasions that there is a time to be low cost and a time to be best value. Certainly, as it relates to our Town Manager, we have best value, and we should recognize his performance and appropriately compensate him for his contribution.

**Recommendation:** The Town Manager's current salary is \$121,105. In order to be respectful to Commissioner Olchyk's concern that the base be kept low for future recruitments, I recommend that the Town Manager receive a \$20,000 one-time, non-pensionable performance adjustment. This will bring his total annual compensation to \$141,105 which addresses both the internal and external inequity. This approach will not increase his base salary this or any year, and as committed to in his employment agreement, he will be eligible for another performance evaluation 12 months from now.

One other adjustment is recommended. The Town Manager's employment agreement states that he receives a contribution to his ICMA retirement program equal to the blended rate of the Town's contribution to the Pension Plan. Due to the Town Manager's and staff's hard work, the Town's contribution to the Pension Plan was lowered 12.8 percent or a \$143,000 reduction during FY 11/12. He should not be penalized by this and his retirement contribution should remain at 15 percent.

**Final Thought:** My recommendation to provide a merit bonus to the Town Manager based on his stellar performance will likely become an issue of debate, particularly in a time where money is tight. However, we do have the money available in the budget. For this reason, I have given careful consideration to this and reached the conclusion that our community has benefitted greatly during the past year from the Town Manager's work and that it is appropriate to award him for this outcome. I think it is appropriate to give a bonus to a Town Manager who has met our objectives and beyond. I welcome your input.