




Office of the Mayor
A.J. Holloway

MEMORANDUM

DATE: Sept. 16, 2008

TO: Councilmembers George Lawrence, William "Bill" Stallworth, Charles T. Harrison Jr., Mike Fitzpatrick, Tom Wall, Edward "Ed" Gemmill, and David Fayard

FROM: Mayor A.J. Holloway 

RE: Veto of resolution regarding FY 2009 Municipal Budget

I hereby veto Resolution 581-08, which concerns the Municipal Budget for Fiscal Year 2009.

I veto this measure because it includes funding for two measures – increasing the employee compensation schedule and increasing employee longevity pay – that the council plans to vote on at its Sept. 23 meeting. I find the level of funding on these two matters to be exorbitant, and I also plan to veto them, if they reach my desk in their current form.

These two ordinances would provide a \$1,600 across-the-board pay increase for full-time employees, and increase longevity pay from the current \$6 per month (\$72 a year) to \$15 a month (\$180 a year).

Overall, these pay increases would cost Biloxi taxpayers about \$2.2 million annually, and the figure would grow each year.

These latest enhancements of the employee compensation package are on top of an unheard of benefit we offer, a so-called "hidden check," the city's total funding of health insurance for full-time employees and their families, a cost of \$12,500 annually for employees with families and \$5,000 annually for others.

The longevity-pay issue

Under the council's plan, the taxpayers of Biloxi would be doling out more than \$1.16 million in longevity pay to city employees next year.

In fact, more than 129 employees would be receiving payments of between \$3,000 and \$7,275; another 455 employees would receive payments of up to \$3,000.

The majority of these payments would be in lump sums delivered the first week in December.

A breakdown of the totals:

- \$7,275 to \$6,000: 9 payouts annually, growing each year.
- \$6,000 to \$5,000: 19 payouts annually, growing each year.
- \$5,000 to \$4,000: 36 payouts annually, growing each year.
- \$4,000 to \$3,000: 65 payouts annually, growing each year.
- \$3,000 and under: 455 employees annually, growing each year.

In short, members of the City Council are proposing to raid the city's cash reserves to fund a recurring expense that will grow each year.

This measure would be funded by cutting in half the city's gaming self-insured fund. This action would considerably reduce the city's reserves to deal with interruptions in our revenue

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stream, such as hurricanes or other economic conditions.

I find this measure reckless, irresponsible, and unconscionable in this uncertain economic environment.

The employee-compensation issue

The city's compensation plan is adequate to attract and retain qualified employees. Today, we have more employees than we had pre-Katrina.

Only weeks ago, the Stennis Institute of Government, in a review requested by the City Council, found that Biloxi municipal employees enjoy an unrivaled benefits package, including impressive pay, fully-funded insurance for employees and their families and other benefits, such as educational pay and tuition reimbursement.

Last year, the city provided a \$4,600 across-the-board increase for employees, an estimated \$4 million annual expense to taxpayers. That means that with this new budget, the city would have added about \$6.2 million in pay and incentives in the past two years alone, an expense that, I remind you, is recurring and will grow each year.

A more plausible approach

I appreciate the dedication of our employees and directors, but I cannot in good conscience approve these latest pay measures. I propose a phased increase in longevity pay, perhaps a \$3 per month increase this year and assessing increases each year. I also propose a 2½ percent increase in employee pay instead of a \$1,600 across-the-board increase. These proposals would save the city more than \$516,000 on compensation and more than \$465,000 on longevity pay, saving taxpayers nearly a million dollars off the council's proposal. I think this is a more plausible increase in pay and longevity.

I remind you that because of budget considerations this year, the city slashed funding for social-service agencies and non-departmental spending by 30 percent. The city also trimmed \$6 million from departmental budgets.

I am sending a duplicate original of this veto message to Lucy Brashier, Clerk of the City Council, for inclusion in the minutes.

Attachment: Resolution No. 581-08