

CITY COUNCIL AGENDA ITEM

CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: City Council Salaries
DEPARTMENT: City Manager's Office
PRESENTED BY: Debbie Tarry, Assistant City Manager
ACTION: _____ Ordinance _____ Resolution _____ Motion
 __X__ Discussion _____ Public Hearing

PROBLEM/ISSUE STATEMENT:

Council salaries were originally adopted in 1997 at a monthly rate of \$700 for all Councilmembers and \$875 for the Mayor. Council salaries have not changed since the original adoption in 1997. At the March City Council retreat, Council requested that staff obtain comparative council salary and benefit information from Shoreline's comparable cities and also from local special districts. A summary of this information is provided below.

	ANNUAL SALARY					SALARY + BENEFITS	
	Mayor, Council President or Deputy Mayor (Serves as Council Chair)	Dep Mayor	Councilmember Pay (Including Mayor/Dep Mayor if no difference in pay)			Councilmember Salary + Low Benefits	Councilmember Salary + High Benefits
All Comparable Cities							
Median	\$18,384	\$15,750	\$13,752		Median	\$ 19,500	\$ 21,067
Shoreline	\$10,500	\$8,400	\$8,400			\$ 18,912	\$ 18,912
% Above (Below) Median	-42.9%	-46.7%	-38.9%		% Above (Below) Median	-3.0%	-10.2%
Excluding Everett and Bellevue							
Median	\$16,650	\$13,200	\$12,000		Median	\$ 16,640	\$ 19,500
Shoreline	\$10,500	\$8,400	\$8,400		Deferred Comp in lieu of health	\$ 18,912	\$ 18,912
% Above (Below) Median	-36.9%	-36.4%	-30.0%		% Above (Below) Median	13.7%	-3.0%

During the May 20 Council Dinner Meeting, Council discussed City Council compensation options. Council seemed to be most interested in addressing salary adjustments for the Mayor and Deputy Mayor, but given the length of time since Council salaries have been addressed staff is bringing forward three alternatives for Council to consider.

RESOURCE/FINANCIAL IMPACT:

If Council approves a change in Council salaries prior to the November General Election, four councilmembers will be eligible for a salary change in 2014. This may or may not include any change for the Mayor and/or Deputy Mayor, given it is unknown who will serve in those offices in 2014. Staff estimates that if both the Mayor and

Deputy Mayor are eligible for new salaries in 2014, along with two regular councilmembers, the financial impact in 2014 will be approximately \$16,500. The total annual financial impact when all councilmembers are eligible for the changed salaries is estimated to be just under \$30,000 when considering the change in salaries and related benefits.

RECOMMENDATION

Staff recommends that Council take action to change council salaries prior to the November General Election. Staff recommends that the annual salary for the Mayor be set at \$15,000, the Deputy Mayor at \$13,200, and councilmembers at \$12,000.

Approved By: City Manager ***JU*** City Attorney ***IS***

INTRODUCTION

Council salaries were originally adopted in 1997 at a monthly rate of \$700 (\$8,400 annually) for all Councilmembers and \$875 (\$10,500 annually) for the Mayor. Council salaries have not changed since the original adoption in 1997. At the March City Council retreat, Council requested that staff obtain comparative council salary and benefit information from Shoreline's comparable cities and also from local special districts. Based on the information obtained current council salaries are more than 30% below the median of comparable jurisdictions. The information collected by staff is included as Attachment A. A summary of this information is included below:

	ANNUAL SALARY				SALARY + BENEFITS	
	Mayor, Council President or Deputy Mayor (Serves as Council Chair)	Dep Mayor	Councilmember Pay (Including Mayor/Dep Mayor if no difference in pay)		Councilmember Salary + Low Benefits	Councilmember Salary + High Benefits
All Comparable Cities						
Median	\$18,384	\$15,750	\$13,752	Median	\$ 19,500	\$ 21,067
Shoreline	\$10,500	\$8,400	\$8,400		\$ 18,912	\$ 18,912
% Above (Below) Median	-42.9%	-46.7%	-38.9%	% Above (Below) Median	-3.0%	-10.2%
Excluding Everett and Bellevue						
Median	\$16,650	\$13,200	\$12,000	Median	\$ 16,640	\$ 19,500
Shoreline	\$10,500	\$8,400	\$8,400	Deferred Comp in lieu of health	\$ 18,912	\$ 18,912
% Above (Below) Median	-36.9%	-36.4%	-30.0%	% Above (Below) Median	13.7%	-3.0%

During the May 20 Council Dinner Meeting, Council discussed City Council compensation options. Council seemed to be most interested in addressing salary adjustments for the Mayor and Deputy Mayor, but given the length of time since Council salaries have been addressed staff is bringing forward three alternatives for Council to consider.

BACKGROUND

Council salaries were originally adopted in 1997 at a monthly rate of \$700 for all Councilmembers and \$875 for the Mayor. At that time Council rejected any optional benefits, such as health insurance. Council salaries have not changed since the original adoption in 1997.

In 2001 the City Council authorized Council to receive benefits, effective January 1, 2002, at a level consistent with those received by City employees. Ordinance No. 287 authorized Councilmembers to receive medical or retirement benefits equal to sixty percent of the minimum premiums for enrollment of a city employee, spouse and one child in the Association of Washington Cities medical, dental and vision plans approved for employees. Any amount not used for medical benefits could be used for retirement benefits by contribution to a 457 plan adopted by the City. The 2013 value of this benefit is \$10,512 per councilmember. Given that there was a not a majority of Councilmembers requesting health benefits all funds are currently being directed to a 457 deferred compensation plan.

City Compensation Policy

In July 1997, Council approved the City's Classification and Compensation Plan. The Plan defined the labor market for the City's compensation system. The market consists of ten public sector jurisdictions:

1. Auburn
2. Bellevue (non-Leadership Team only)
3. Edmonds
4. Everett
5. Federal Way
6. Kent
7. Kirkland
8. Redmond
9. Renton
10. King County (non-Leadership Team only)

For the purposes of compensation of Leadership Team members, we substitute two smaller cities for the two largest jurisdictions of King County and Bellevue. The two substitute cities are Lakewood and Olympia. The Plan established a policy of paying at the median of the market of our comparable jurisdictions. We compare salaries at the top of the salary range. If the City's salary is greater than or less than five percent of the market median salary than we consider the salary to be at market.

Options to Change Compensation

Option 1 – Council Action by Ordinance

Council may adopt an ordinance, as was done in 2001 for Council benefits, establishing different salaries and/or benefits. In this case, any change in compensation for councilmembers will not be effective until the expiration of the term being served by the incumbent at the time that the ordinance is adopted.

Option 2 – Salary Commission

Another option provided for elective bodies is establishing a Salary Commission as an independent decision-making body charged with setting salaries for City elected officials under authority of RCW 35.21.015, which is attached. This statute was adopted in 2001 to allow timely adjustments to compensation for elected officials by removing the officials from the decision-making process. Increases by council action result in delayed and unequal compensation among councilmembers due to the constitutional prohibition on mid-term increases in compensation as described under Option 1 above.

Meetings of the commission are governed by the Open Public Meetings Act and are open to the public, except as otherwise allowed under the Act. The key feature of the statute makes salaries adopted by the commission effective upon filing with the City Clerk without further action of the City Council and they are automatically incorporated into the City budget regardless of the terms of office or particular councilmembers. The constitutional limit on decreases during the term in office is preserved, with decreases only taking effect at the beginning of an incumbent's next term. Decisions to increase or decrease salaries are subject to referendum petition.

DISCUSSION

During the previous discussions, Council seemed to be most interested in addressing salary adjustments for the Mayor and Deputy Mayor, but given the length of time since Council salaries have been addressed staff is bringing forward three alternatives for Council to consider.

	Council	Mayor	Differential to Council	Deputy Mayor	Total (Salary Only)
Option #1. Use Historical COLA to set new Council salary; 10% Premium for Deputy Mayor and 25% Premium for Mayor					
1997 Salary	\$ 8,400	\$ 10,500	25%		
2013 Salary w/ Annual COLA Applied	\$ 11,844	\$ 14,808			
2014 with Projected 1.26% COLA	\$ 11,993	\$ 14,995			
Recommendation	\$ 12,000	\$ 15,000	25%		
% Change from 1997 Rate	43%	43%			
Median of Comparables w/ Everett & Bellevue	\$ 13,752	\$ 18,384			
Recommendation % Above (Under Median)	-14.6%	-22.6%			
Median of Comparables w/out Everett & Bellevue	\$ 12,000	\$ 16,650			
Recommendation % Above (Under Median)	0.0%	-11.0%			
Potential Deputy Mayor Salary			10%	\$13,200	
Annual Budget Impact (When applicable to all Councilmembers)	\$ 21,600	\$ 4,500		\$ 1,200	\$ 27,300
Option #2. Set Council Salary at Median of Comparables w/ Everett & Bellevue					
1997 Salary	\$ 8,400	\$10,500	25%		
Median of Comparables w/ Everett & Bellevue	\$13,752	\$18,384			
Recommendation	\$13,740	\$17,160	25%		
% Change from 1997 Rate	38.9%	38.8%			
Potential Deputy Mayor Salary			10%	\$15,100	
Annual Budget Impact	\$32,040	\$ 6,660		\$ 1,360	\$ 40,060
Option #3. Use Historical COLA for Council and Establish 15% Premium for Dep Mayor & 30% Premium for Mayor					
1997 Salary	\$ 8,400	\$10,500	25%		
2014 Salary	\$12,000	\$15,600	30%	\$ 13,800	15%
% Change from 1997 Rate	43%	49%		64%	
Annual Budget Impact	\$21,600	\$ 5,100		\$ 1,800	\$ 28,500

Option No. 1

Staff applied the cost of living adjustment (COLA) that the City has provided regular employees since 1998 to Council salaries to determine the projected 2014 salary. Ironically this resulted with the Council salary being at the median of the comparable cities when excluding Bellevue and Everett. Staff then applied the existing 25% differential to determine the proposed Mayor salary. The Deputy Mayor salary could then be set anywhere between the Council and Mayor's salary. Staff assumed a 10% differential to account for the additional meeting time required of the Deputy Mayor. The extra meeting time includes weekly Mayor/Deputy Mayor meetings with the City Manager and occasionally filling in for the Mayor at ceremonial events.

This is the staff recommended option. This option will set the Council salaries at the median of the comparable cities when excluding Bellevue and Everett and provide a 25% differential for the Mayor and a 10% differential for the Deputy Mayor.

Option No. 2

Option No. 2 sets Council salaries at the median of comparable cities including Everett and Bellevue and then applies a 25% differential to determine the Mayor's salary and a 10% differential to determine the Deputy Mayor's salary.

Option No. 3

Option No. 3 adjusts Council salaries by the historical COLA and then establishes a salary differential of 30% for the Mayor and 15% for the Deputy Mayor.

Changing Council Salaries

Since city councils set their own salaries, absent formation of a local salary commission under RCW 35.21.015, Art. XI §8 applies:

§ 8. Salaries and limitations affecting

The salary of any county, city, town, or municipal officers shall not be increased except as provided in section 1 of Article XXX or diminished after his election, or during his term of office; nor shall the term of any such officer be extended beyond the period for which he is elected or appointed.

If an increase were to be approved for the Mayor and Deputy Mayor before the November General Election it would apply to newly elected members but not incumbents. After the election it would not apply to anyone until after the next election and then to those who run but not incumbents.

Even though the Mayor is unknown during the term of the incumbents, if the salary is set by the incumbent it may not benefit the incumbent until a new term begins should he or she be appointed Mayor or Deputy Mayor.

This is consistent with the spirit of the constitution in providing candidates for office and the public with stability and predictability as to the compensation of a public officer after election. After election both a candidate and the public know what that candidate could earn if appointed to the Mayor position during that term. The Mayor's salary cannot be changed by that candidate once on the Council and have it apply until another election is held and term commenced.

Given that Council may be interested in proposing an adjustment to Council, Deputy Mayor, and/or Mayor salaries, if it is to be used in 2014 by any of the existing Councilmembers up for election, the change must be adopted by the City Council prior to the November General Election. Any councilmember not up for election in November will not receive any adjustment in salary until after being reelected in 2015, making the adjustment effective in 2016. The annual budget impacts under the three options earlier in this staff report represent the full impact that could be anticipated in 2016.

RESOURCE/FINANCIAL IMPACT

If Council approves a change in Council salaries prior to the November General Election, four councilmembers will be eligible for a change in salary in 2014. This may or may not include any change for the Mayor and/or Deputy Mayor, given it is unknown who will serve in those offices in 2014. Staff estimates that if both the Mayor and Deputy Mayor are eligible for new salaries in 2014, along with two regular councilmembers, the financial impact in 2014 will be approximately \$16,500. The total annual financial impact when all councilmembers are eligible for the changed salaries is estimated to be just under \$30,000 when considering the salaries and related benefits.

SUMMARY

Council salaries have not changed since the original adoption in 1997. Current council salaries are significantly below the median of comparable cities. Using the cost of living adjustment that has been added to employee salaries since 1997, a councilmember's salary would be approximately \$12,000 in 2014. This matches the median of the council salaries for comparable cities when excluding Everett and Bellevue. Although the Mayor salary is currently set at a 25% differential to councilmember salaries, the Deputy Mayor does not currently have a pay differential. Staff would recommend that Council consider a 10% differential for the Deputy Mayor, given the additional time commitment required of the position.

RECOMMENDATION

Staff recommends that Council take action to change council salaries prior to the November General Election. Staff recommends that the annual salary for the Mayor be set at \$15,000, the Deputy Mayor at \$13,200, and councilmembers at \$12,000.

ATTACHMENTS

Attachment A – Council Salary Survey

Council/Manager		ANNUAL SALARY			ANNUAL BENEFITS					SALARY + BENEFITS		
	Mayor, Council President or Deputy Mayor (Serves as Council Chair)	Dep Mayor	Councilmember Pay (Including Mayor/Dep Mayor if no difference in pay)		Low Health Benefits Paid	High Health Benefits Paid	Other Benefits Paid	Total Benefits - Low	Total Benefits - High		Councilmember Salary + Low Benefits	Councilmember Salary + High Benefits
Jurisdiction										Other Benefit Details		
Bellevue	\$23,400	\$21,000	\$19,800		\$ 9,376	\$ 21,695	\$ 4,150	\$ 13,526	\$ 25,845	Auto Allowance; Provide phone stipened	\$ 33,326	\$ 45,645
Auburn	\$16,500		\$10,800		\$ -	\$ -	\$ -	\$ -	\$ -	Provide a cell phone and I-Pad (not reflected in costs)	\$ 10,800	\$ 10,800
Edmonds	\$21,204		\$18,804		\$ 7,653	\$ 7,653	\$ -	\$ 7,653	\$ 7,653		\$ 26,457	\$ 26,457
Everett	\$35,052		\$26,964		\$ 6,414	\$ 17,715	\$ -	\$ 6,414	\$ 17,715		\$ 33,378	\$ 44,679
Federal Way			\$13,800		\$ -	\$ -	\$ 5,700	\$ 5,700	\$ 5,700	VEBA Contribution	\$ 19,500	\$ 19,500
Kent	\$14,496		\$13,752		\$ 8,172	\$ 8,172	\$ -	\$ 8,172	\$ 8,172		\$ 21,924	\$ 21,924
Kirkland	\$16,800	\$13,200	\$10,450		\$ -	\$ -	\$ 3,600	\$ 3,600	\$ 3,600	Stipened in lieu of other benefits	\$ 14,050	\$ 14,050
Lakewood	\$10,800	\$9,600	\$8,400		\$ -	\$ -	\$ -	\$ -	\$ -		\$ 8,400	\$ 8,400
Olympia	\$19,968	\$18,300	\$16,640		\$ -	\$ -	\$ -	\$ -	\$ -		\$ 16,640	\$ 16,640
Redmond			\$12,000		\$ 4,308	\$ 11,411	\$ -	\$ 4,308	\$ 11,411		\$ 16,308	\$ 23,411
Renton			\$11,400		\$ 6,931	\$ 6,931	\$ 2,736	\$ 9,667	\$ 9,667	Deferred Compensation Contribution	\$ 21,067	\$ 21,067
Median	\$18,384	\$15,750	\$13,752	Median				\$5,700	\$7,653	Median	\$ 19,500	\$ 21,067
					Median of Cities Providing Benefits			\$7,033	\$8,920			
Shoreline	\$10,500	\$8,400	\$8,400				\$ 10,512	\$ 10,512	\$ 10,512	Deferred Comp in lieu of health benefits	\$ 18,912	\$ 18,912
% Above (Below) Median	-42.9%	-46.7%	-38.9%		% Above (Below) Median			84.4%	37.4%	% Above (Below) Median	-3.0%	-10.2%
					% Above (Below) of those Providing Benefits			49.5%	17.8%			

Special Districts											
Shoreline Water	\$104/mtg with maximum annual \$9,900		\$9,900	\$14,700	\$14,700		\$14,700	\$14,700		\$24,600	\$24,600
Ronald Wastewater District	\$104/mtg with maximum annual \$9,900		\$9,900	\$12,936	\$12,936	\$1,200	\$14,136	\$14,136	Supplemental insurance chosen by Commissioners	\$24,036	\$24,036
Shoreline School District	\$50/mtg but they have opted not to collect		\$0				\$0	\$0		\$0	\$0
Shoreline Fire District	\$104/mtg with maximum annual \$9,900		\$9,900	\$0	\$0	\$0	\$0	\$0		\$9,900	\$9,900

w/out Everett & Bellevue

Council/Manager		ANNUAL SALARY			ANNUAL BENEFITS					SALARY + BENEFITS		
	Mayor, Council President or Deputy Mayor (Serves as Council Chair)	Dep Mayor	Councilmember Pay (Including Mayor/Dep Mayor if no difference in pay)		Low Health Benefits Paid	High Health Benefits Paid	Other Benefits Paid	Total Benefits - Low	Total Benefits - High	Other Benefit Details	Councilmember Salary + Low Benefits	Councilmember Salary + High Benefits
Jurisdiction												
Auburn	\$16,500		\$10,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Provide a cell phone and I-Pad (not reflected in costs)	\$ 10,800	\$ 10,800
Edmonds	\$21,204		\$18,804	\$ 7,653	\$ 7,653	\$ -	\$ 7,653	\$ 7,653	\$ 7,653		\$ 26,457	\$ 26,457
Federal Way			\$13,800	\$ -	\$ -	\$ 5,700	\$ 5,700	\$ 5,700	\$ 5,700	VEBA Contribution	\$ 19,500	\$ 19,500
Kent	\$14,496		\$13,752	\$ 8,172	\$ 8,172	\$ -	\$ 8,172	\$ 8,172	\$ 8,172		\$ 21,924	\$ 21,924
Kirkland	\$16,800	\$13,200	\$10,450	\$ -	\$ -	\$ 3,600	\$ 3,600	\$ 3,600	\$ 3,600	Stipened in lieu of other benefits	\$ 14,050	\$ 14,050
Lakewood	\$10,800	\$9,600	\$8,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 8,400	\$ 8,400
Olympia	\$19,968	\$18,300	\$16,640	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ 16,640	\$ 16,640
Redmond			\$12,000	\$ 4,308	\$ 11,411	\$ -	\$ 4,308	\$ 11,411	\$ 11,411		\$ 16,308	\$ 23,411
Renton			\$11,400	\$ 6,931	\$ 6,931	\$ 2,736	\$ 9,667	\$ 9,667	\$ 9,667	Deferred Compensation Contribution	\$ 21,067	\$ 21,067
Median	\$16,650	\$13,200	\$12,000	Median				\$4,308	\$5,700	Median	\$ 16,640	\$ 19,500
					Median of Cities Providing Benefits			\$6,676	\$7,913			
Shoreline	\$10,500	\$8,400	\$8,400				\$ 10,512	\$ 10,512	\$ 10,512	Deferred Comp in lieu of health benefits	\$ 18,912	\$ 18,912
% Above (Below) Median	-36.9%	-36.4%	-30.0%	% Above (Below) Median				144.0%	84.4%	% Above (Below) Median	13.7%	-3.0%
				% Above (Below) of those Providing Benefits				57.5%	32.8%			

ANNUAL SALARY				ANNUAL BENEFITS						SALARY + BENEFITS		
	Mayor, Council President or Deputy Mayor (Serves as Council Chair)	Dep Mayor	Councilmember Pay (Including Mayor/Dep Mayor if no difference in pay)		Low Health Benefits Paid	High Health Benefits Paid	Other Benefits Paid	Total Benefits - Low	Total Benefits - High	Other Benefit Details	Councilmember Salary + Low Benefits	Councilmember Salary + High Benefits
All Cities												
Median	\$18,384	\$15,750	\$13,752		Median			\$5,700	\$7,653	Median	\$ 19,500	\$ 21,067
					Median of Cities Providing Benefits			\$7,033	\$8,920			
Shoreline	\$10,500	\$8,400	\$8,400				\$ 10,512	\$ 10,512	\$ 10,512	Deferred Comp in lieu of health benefits	\$ 18,912	\$ 18,912
% Above (Below) Median	-42.9%	-46.7%	-38.9%		% Above (Below) Median			84.4%	37.4%	% Above (Below) Median	-3.0%	-10.2%
					% Above (Below) of those Providing Benefits			49.5%	17.8%			

Excluding Everett and Bellevue											
Median	\$16,650	\$13,200	\$12,000	Median			\$4,308	\$5,700	Median	\$ 16,640	\$ 19,500
Median of Cities Providing Benefits							\$6,676	\$7,913			
Shoreline	\$10,500	\$8,400	\$8,400		\$ 10,512	\$ 10,512	\$ 10,512	Deferred Comp in lieu of health benefits		\$ 18,912	\$ 18,912
% Above (Below) Median	-36.9%	-36.4%	-30.0%	% Above (Below) Median		144.0%	84.4%	% Above (Below) Median		13.7%	-3.0%
% Above (Below) of those Providing Benefits							57.5%	32.8%			