

Regular Meeting

Agenda Item #	3
Meeting Date	November 5, 2012
Prepared By	Jessie Carpenter City Clerk
Approved By	Suzanne Ludlow Acting City Manager

Discussion Item	First Reading Ordinance Amending Takoma Park, Chapter 2.04, to Adjust the Salary and Compensation for the Mayor and Councilmembers (to Take Effect for the Next Succeeding Council)
Background	<p>The Takoma Park Code provides for the City Council to appoint a committee of City residents every four years to serve as a Council Compensation Committee. The Committee is tasked with reviewing the salaries of the Mayor and Councilmembers and making a recommendation as to whether or not the salaries should be changed.</p> <p>The City Council appointed a Council Compensation Committee on December 12, 2011. The Committee presented its recommendations to the City Council on June 11, 2012. It recommended that an annual increase mechanism to be set to a measure of the rate of inflation be adopted. The Committee also recommended that the Mayor and Councilmembers should have access to all of the health benefits available to City employees, with the City paying 50% of the cost.</p> <p>The Council discussed the recommendations at work sessions on July 16 and September 4, 2012. A public hearing was held on October 15, 2012 to provide a formal opportunity for the public to comment on the recommendations.</p> <p>The Council accepted the basic recommendations and agreed to consider adoption of an ordinance that would provide the following salary and compensation adjustments, beginning with the Mayor and Councilmembers elected in November 2013:</p> <ol style="list-style-type: none"> 1. Set an annual salary adjustment mechanism to begin with the Council elected in November 2013. The annual wage adjustments would be tied to the same index as that used to calculate staff wage adjustments – the twelve (12) month percent of change in the annual Wage and Salaries Employment Cost Index for State and Local Government as of each December, or 0.0%, whichever is greater; 2. For the Mayor or Councilmembers who elect to participate in the City's health insurance program, the City would pay 50% of the base premium rate for individual health insurance coverage. The elected official would be responsible for paying the other 50% and any additional cost for a higher option plan or family coverage if he or she so chooses. 3. For the Mayor or Councilmembers who do not elect to participate in the City's health insurance program, the City would contribute the amount equal to 50% of the base premium rate for individual health insurance coverage to a deferred compensation plan (457 Plan) account. <p>Staff recommends that an individual who declines to participate in the City's group health insurance plan be required to show proof of other health insurance coverage</p>

	before being able to receive the contribution to deferred compensation in lieu of insurance. This is the policy for staff members who receive this benefit.
Policy	<p>Takoma Park Code, Chapter 2.04, Section 2.04.110: <i>Periodic review of council compensation.</i> <i>A. Council Compensation Committee.</i> The Council shall appoint a committee of City residents, every 4 years beginning with calendar year 2007, to serve as the Council Compensation Committee. The Committee shall review the salaries of the Mayor and Councilmembers and make recommendations to the Council whether or not such salaries should be changed. <i>B. Principles of Compensation.</i> The Council Compensation Committee shall apply the following principles to guide its recommendations: 1. The positions of Mayor and Councilmember are part-time and should be treated that way; 2. Full monetary compensation for the Mayor and Councilmembers is not appropriate; 3. It is appropriate to monetarily compensate the Mayor and Councilmembers to some extent for their work; 4. Monetary compensation creates an obligation for the Mayor and Councilmembers to perform their jobs; 5. Monetary compensation provides status to the Mayor and Councilmembers; 6. The Mayor's salary should be greater than that of Councilmembers; and 7. Compensation for the Mayor and Councilmembers should be comparable to Maryland municipalities of similar size and complexity. <i>C. Effective Date of Council Salary Adjustment.</i> Any change in the salary paid to the Mayor and Councilmembers is adopted prior to the next municipal election and takes effect only as to the next succeeding Mayor and Councilmembers as prescribed in Sections 302(c) and 304(c) of the Municipal Charter. (Ord. 2004-3 (part), 2004)Any change in the salary paid to the Mayor and Councilmembers is adopted prior to the next municipal election and takes effect only as to the next succeeding Mayor and Councilmembers.</p>
Fiscal Impact	<p>Health insurance rates are negotiated with providers annually. If the health insurance benefit or payment in lieu of health insurance were effective in FY 2013, the fiscal impact would be \$297.20 per month or \$3,566.40 annually for each elected official. The total cost would be \$24,964.80.</p> <p>The Mayor currently receives an annual salary of \$13,000. Councilmembers receive \$10,000 per year. If the twelve (12) month percent of change in the annual Wage and Salaries Employment Cost Index for State and Local Government indicated a 1% increase, the additional salary cost increase would be \$730 in a year, plus the small additional cost of mandatory fringe benefits.</p>
Attachments	<ul style="list-style-type: none"> • Ordinance Amending Takoma Park Code, Chapter 2.04 to Provide for Adjustments to the Salary and Compensation of the Mayor and Councilmembers • The 2011 Council Compensation Committee Report is available for review at: http://www.takomaparkmd.gov/clerk/notices/ccc_rep_2011-12.pdf.
Recommendation	Consider the ordinance at first reading.
Special Consideration	

Introduced by:

First Reading:
Second Reading:
Effective Date:

CITY OF TAKOMA PARK, MARYLAND

ORDINANCE NO. 2012-

Amending Takoma Park Code, Chapter 2.04 to Provide for Adjustments to the Salary and Compensation of the Mayor and Councilmembers

WHEREAS, the Municipal Charter of the City of Takoma Park provides that the Mayor and each Councilmember may receive an annual salary as set from time to time by an ordinance passed by the Council in the regular course of business, provided, however, that no change may be made in the salary of the Mayor and each Councilmember during the term for which they are elected; and

WHEREAS, the Municipal Charter further provides that any change in the salary paid to the Mayor and each Councilmember, either by way of increase or decrease, shall be adopted prior to the next municipal election and shall take effect only as to the next succeeding Mayor and Councilmembers; and

WHEREAS, by Ordinance 2003-3, the Council established a process for periodic review of Council compensation and adopted the following Principles of Compensation, which are codified as Section 2.04.110.B of the *Takoma Park Code*:

1. The positions of Mayor and Councilmember are part-time and should be treated that way;
2. Full monetary compensation for the Mayor and Councilmembers is not appropriate;
3. It is appropriate to monetarily compensate the Mayor and Councilmembers to some extent for their work;
4. Monetary compensation creates an obligation for the Mayor and Councilmembers to perform their jobs;
5. Monetary compensation provides status to the Mayor and Councilmembers;
6. The Mayor's salary should be greater than that of Councilmembers; and
7. Compensation for the Mayor and Councilmembers should be comparable to Maryland municipalities of similar size and complexity.

WHEREAS, the Mayor currently receives an annual salary of \$13,000; and

WHEREAS, each Councilmember currently receives an annual salary of \$10,000; and

WHEREAS, the salaries of the Mayor and Councilmembers were last increased following the November 2007 municipal election; and

WHEREAS, by Resolution 2011-65, the Council appointed the 2011 Council Compensation Committee to review the salaries of the Mayor and Councilmembers and provide a recommendation to the Council as to whether or not any adjustments should be made; and

WHEREAS, the Council Compensation Committee reported its findings to the Council on June 11, 2012 and made the following recommendations:

“1. The Mayor and Councilmembers should have access to all of the health benefits available to city employees at 50 percent of cost (i.e., the city covers half of the premium and the councilmember covers half of the premium). . . .

2. The Compensation Committee recommends no increase in salary for the Mayor and Councilmembers. Instead, the committee recommends the City Council follow the lead of other municipalities, and the recommendation of the 2007 Council Compensation Committee, and set an annual increase mechanism to begin in the 2013 election year, set to a measure of the rate of inflation.”

WHEREAS, in its recommendations, the Council Compensation Committee identified access to health benefits as one way to facilitate participation from groups outside of those who have typically served on the Council or sought office; and

WHEREAS, the Council accepts the basic recommendations of the Council Compensation Committee, but has made adjustments to ensure 1) that the Mayor and each member of the Council receive comparable benefits, and 2) that the annual wage adjustments are tied to the same index as that used to calculate staff wage adjustments – the twelve (12) month percent of change in the annual Wage and Salaries Employment Cost Index for State and Local Government as of each December, or 0.0%, whichever is greater; and

WHEREAS, to ensure comparability, members of the City Council who already have health insurance coverage would receive a contribution equal to the health insurance benefit, and such contribution would be deposited into an ICMA Deferred Compensation Plan (457 Plan); and

WHEREAS, Charter Sections 302c and 304c provide that the salary paid to the Mayor and to Councilmembers cannot be increased or diminished during his or her term of office and that any salary adjustment ordinance can be effective only as to the members of the next succeeding Council; and

WHEREAS, the annual salary adjustment and health insurance benefit would take effect for the Council elected in the municipal election to be held in November 2013; and

WHEREAS, any annual adjustment would become effective on the July 1 that follows the December which ends the 12 month percent of change index; and

WHEREAS, the Council recognizes that due to financial constraints, it may suspend the use of this wage adjustment for staff; and

WHEREAS, in the event that staff does not receive a wage adjustment due to such financial constraints, the Council would automatically forego the adjustment as well.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF TAKOMA PARK, MARYLAND THAT:

Section 1. *Takoma Park Code*, Chapter 2.04, is amended as follows:

2.04.100 Salary of Mayor and Councilmembers.

- A. The Mayor shall receive an annual salary of \$8,000.00, payable biweekly. Effective for the members of the Council who take office following the November 2007 election, the Mayor shall receive an annual salary of \$13,000.00 through the date on which the Mayor elected in November 2013 is sworn in. For the period from the day following the swearing in of November 2013 until June 30, 2014, the salary shall be \$13,000 as adjusted according to the twelve (12) month percent of change in the annual Wage and Salaries Employment Cost Index for State and Local Government calculated as of December 2012, or 0.0%, whichever is greater. Thereafter, the Mayor's salary shall be adjusted on July 1 of each year pursuant to the above index, or 0.0%, whichever is greater.
- B. Each Councilmember shall receive an annual salary of \$6,000.00, payable biweekly. Effective for the members of the Council who take office following the November 2007 election, each Councilmember shall receive an annual salary of \$10,000.00 through the date on which the Councilmembers elected in November 2013 are sworn in. For the period from the day following the swearing in of November 2013 until June 30, 2014, the salary shall be \$10,000 as adjusted according to the twelve (12) month percent of change in the annual Wage and Salaries Employment Cost Index for State and Local Government calculated as of December 2012, or 0.0%, whichever is greater. Thereafter, the salary of each Councilmember shall be adjusted on July 1 of each year pursuant to the above index, or 0.0%, whichever is greater.
- C. In the event that a staff wage adjustment is suspended due to financial constraints, adjustments to the salaries of the Mayor and each Councilmember shall also be suspended.
- D. The Mayor and Councilmembers shall be paid biweekly in accordance with the City's regular payroll schedule.

2.04.105 Health Insurance Benefits of Mayor and Councilmembers or Contributions in Lieu Thereof.

- A. Effective the day after the Mayor and Councilmembers are sworn in following the November 2013 election, the Mayor and each Councilmember may participate in the

City's health insurance program on a cost sharing basis, with the City paying 50% of the lowest cost base premium rate for individual coverage. If the Mayor or any Councilmember declines to participate in the City's health insurance program, and can show proof of health coverage from a source other than the City's group plan, the City will deposit a payment in lieu of the City's contribution to health insurance into the individual's ICMA Deferred Compensation Plan (457 Plan).

Section 2. The next review of the salary and compensation of the Mayor and members of the Council shall be conducted in 2015.

ADOPTED BY THE COUNCIL OF THE CITY OF TAKOMA PARK, MARYLAND THIS ____ DAY OF _____, _____, BY ROLL-CALL VOTE AS FOLLOWS:

Aye:

Nay:

Abstained:

Absent:

EXPLANATORY NOTE

Additions to the existing language of the *Takoma Park Code* are shown by underlining.

~~Deletions~~ to the existing language of the *Takoma Park Code* are shown by ~~strikeout~~.

*** indicates sections of the Chapter that remain unchanged but have been omitted from the ordinance.