



To: Fred Butler, Mayor
Tina Eggers, City Clerk

From: 2015 Independent Salary Commission

Re: Formal Report, Findings & Conclusions -- Salary and Compensation Schedule

Date: June 16, 2015

The Independent Salary Commission ('Commission') is established by IMC 2.90 as an independent decision-making body charged with evaluating the full compensation, including salaries and benefits, for Issaquah City Council positions. The Commission is to review and file a Salary and Compensation Schedule with the City Clerk no later than June 30, 2015.

Commission Membership

The Commission is made up of five members appointed by the Mayor and confirmed by the City Council. Commission members serve until the term expires on June 30, 2015 or at the time the salary schedule is filed with the City Clerk. The 2015 Independent Salary Commission is composed of the following members:

1. Bernadette Anne, Chair
2. Linda Dunn
3. Charlie Hafenbrack
4. Sean Pedersen
5. Joe Verner, Vice-Chair

Process

The Commission met for the first time on May 6, 2015 and scheduled seven additional open, public meetings. Each meeting included an opportunity for audience comments. With the expectation of the public hearing, noted further below, there were no public attendees, other than City staff.

The Commissioners sought clear and specific data to understand more about the current commitments of Issaquah's Councilmembers as well as to understand the compensation level of Councilmembers of other cities in our region.

1. An online survey was developed to collect information about Issaquah Councilmembers' time commitments for meetings, prep and study time, travel time required for their assignments and time they spend interacting with citizens for their role as a Councilmember. Questions also covered the type and amounts of expenses they incurred, if they sought reimbursement and if not, why not. All seven Councilmembers participated in

the survey. The Commission evaluated the results individually and as a whole without regard to the identities of the responders.

2. The Commission asked City staff to collect the following data points for 20 cities in the region, which, coincidentally, each also had seven Councilmembers. Equivalent positions in each jurisdiction were collected.
 - Date of Incorporation
 - Population
 - Area (square miles)
 - Assessed Valuation
 - Median Residence Value
 - Number of regular council meetings
 - Councilmember salary and benefits, including any additional amounts for Council President or Deputy Council President

On June 8, 2015, the Commission held a formal public hearing. Issaquah business owner and resident Connie Marsh recommended that the Councilmembers did not need any additional monetary compensation; however, instead could really benefit from a .5 staff FTE to support the Councilmembers' workload to understand the information and to help prepare for their meetings and decisions. A review of the Survey results found that Councilmembers did not make this request, when asked for any additional information the Commission should consider. It was noted that staffing fell outside the authorization granted to the Commission in IMC 2.90.

Information and Data for Consideration

The Commission considered a large amount of salary and compensation data gathered over the course of its meetings.

Information from the City of Issaquah included:

1. Issaquah Councilmember's current salary and total compensation levels and the previously established salaries set in 2002 and 1998.
2. 2015 Councilmember Assignments
3. The 2014 and 2015 budget, revenue and expenditures for the City of Issaquah and specifically for the Issaquah City Council.
4. Financial status report of the City of Issaquah and the General Fund Financial Forecast of May 31, 2015.
5. Current healthcare benefit plans for the City of Issaquah and information on current benefits and retirement issues that may affect Councilmembers.
6. Survey responses that requested information on:
 - a. Number of hours spent (on a monthly basis) by Councilmembers conducting City Council business, including regularly scheduled Council meetings and additional committees, commissions and events.
 - b. Allowable expenses incurred by Councilmembers but not reimbursed.
 - c. Non-allowable expenses incurred by Councilmembers.
 - d. General information about Councilmember's background on the Council.

Sources for data for 20 cities in the region included:

1. 2014 Compensation Report of the Association of Washington Cities
2. Municipal Research and Services Center (MRSC) database
3. County tax assessor valuations
4. QuickFacts.Census.Gov
5. Compensation and benefit information from the Human Resources contacts at the cities
6. Financial information from the cities' websites
7. *Salary Commission Reports* from Mercer Island, Bothell and Kirkland

Stephanie Johnson, HR Analyst, and Diane Marcotte, Finance Director, were available at designated meetings to present material on the above topics and to answer Commissioners' questions.

Analysis

Council work requires a substantial time commitment, an ability to grasp complex government funding and financing issues and the expertise to delve deeply and quickly into all phases of City functions. The Commission's goal was to look at all aspects of the work and keep in mind that this is an elected, part-time, public service position. Salary and/or benefits should be set at a level that recognizes the degree of work and commitment, but which does not unduly influence, in either direction, the consideration to run for this public office.

Councilmember Hours

From the Councilmember Survey Results, the Commission used an average of 55 hours/month for a Councilmember's base hours, plus an additional 8-10 hours when serving as Deputy Council President or an additional 11-20 hours when serving as Council President.

Compensation

Salary is generally not the only compensation factor for Councilmembers in other cities. Total compensation is calculated as base salary *plus* a city's *actual cost of any benefits offered*.

The Commission recognized the need to establish a compensation level that reflects the commitment of Issaquah to pay a fair market salary while being fiscally responsible to the citizens. However, the Commission also recognized that it is not possible to compensate the Councilmembers for the true value of the public service they provide to the community of Issaquah.

Comparison to Other Cities

The Commission compared the salary and benefits of 20 cities through a variety of methods.

1. Calculations compared cities based on population, square miles, median residence value, complexity of city functions, and revenue and expenses.
2. Averages were used in multiple iterations.
3. CPI and COLA progressions from 2002 to 2015 were considered.
4. Base salary was compared to total compensation.

The Commissioners agreed to each present their analysis of the data and a suggested set of findings independently. All five Commissioners, although approaching the analysis from different directions, came to similar findings regarding an amount for base salary.

In addition, there was a unanimous and strong consensus among the Commissioners that the gap of 13 years without a salary review or increase was deemed unsustainable for the future of Issaquah governance.

Recommendations

The Commission strongly makes the following recommendations, while recognizing they fall outside of the purview of IMC 2.90.

From the results of the Councilmember Survey, combined with the review of the legislative expenditure reports, the Commission learned that many Councilmembers do not request reimbursement for allowable expenses either because (1) they were not aware that reimbursement was possible or (2) they did not want to take the time to track the required information. Therefore, to have a complete understanding of the types of expenses which are reimbursable, and what information/receipts/form is required to seek reimbursements, the Commission recommends that Councilmembers receive re-training on the City of Issaquah's expense reimbursement policies and procedures.

The Commission recommends training on eligible benefits for elected officials such as the Public Employees' Retirement System (PERS.)

The Commission strongly urges the City Council to reconvene the Independent Salary Commission at least every two years and no longer than every three years. This recommended timeframe is more equitable to Councilmembers and more practical for the City's budget. Avoiding large 'catch up' increases will allow the City to keep pace with market salary rates and total compensation packages. The Commission is making this recommendation in lieu of an annual cost of living or CPI increase. A salary process which avoids long gaps is needed to maintain professionalism while recognizing the developing and growing nature of our community which increases the time demand on Councilmembers.

Findings & Conclusions

The 2015 Independent Salary Commission finds that:

1. Issaquah Councilmembers are paid significantly less than their comparable counterparts, on average, in both base salary and benefits.
2. An increase to base salaries and benefits are in the long term best interest of the City of Issaquah and the citizens of Issaquah.
3. The Salary and Compensation Schedule is not intended to compensate Councilmembers for work actually performed but rather as recognition of the time, expertise and commitment that this public service work requires.
4. Under Issaquah's expense and reimbursement policies, Councilmembers are eligible for reimbursement of expenses including travel (e.g. mileage, lodging, parking, meals), certain office and operating supplies, and are allowed an annual flat fee reimbursement for internet of \$600. However, the City's cell phone reimbursement rate, currently at \$20/month, does not extend to the Councilmembers.

NOW THEREFORE, the Commission concludes and implements the following Salary and Compensation Schedule:

Section 1. Salary. To continue to attract and maintain qualified City Councilmember candidates, to keep Issaquah in line with the current market, and to recognize the time commitment that a Councilmember position requires, the Commission hereby determines an increase in salaries is warranted; and hereby establishes the salaries, with an effective date of July 1, 2015, as follows:

POSITION	CURRENT SALARY	NEW SALARY
Council President	\$800/month	\$1450/month
Deputy Council President	\$750/month	\$1350/month
Councilmembers	\$700/month	\$1250/month

Section 2. Benefits. To recognize that total compensation for a Councilmember is no longer reflected only by the salary level, the Commission establishes the following new benefits, with the same effective date as set forth in Section 1:

- a. Councilmembers shall be eligible to participate in the City of Issaquah's 457 deferred compensation plan.
- b. Councilmembers shall be eligible for the employee monthly cell phone reimbursement rate, currently \$20/month.


APPROVED by the Independent Salary Commission, and FILED with the City Clerk this 16th day of June, 2015.


Bernadette Anne, Chair


Linda Dunn


Charlie Hafenbrack


Sean Pedersen


Joe Verner, Vice-Chair