REPORT / RECOMMENDATION

To: Mayor Hovland & Council Members

Agenda Item #: VIII. B.

From: Scott Neal
City Manager

Action ☒
Discussion ☐
Information ☐

Date: December 4, 2012

Subject: ORDINANCE NO. 2012-20 CONCERNING COUNCIL SALARIES

Action Requested:

Approve Ordinance No. 2012-20 with the proposed November 20, 2012, modification of City Council salaries.

Information / Background:

In 2011, the City hired Springsted & Associates to conduct a compensation study for employee pay. The study also included data collection and analysis of compensation for Mayor and City Council position. There were 18 cities included in the study, including, Apple Valley, Blaine, Bloomington, Brooklyn Park, Coon Rapids, Burnsville, Eagan, Eden Prairie, Hopkins, Lakeville, Maple Grove, Maplewood, Minnetonka, Plymouth, Richfield, Roseville, St. Louis Park and Woodbury.

The 2011 data showed that our compensation for the City's elected officials was below the average of the group. The 2011 average pay for Mayor in the surveyed cities was $12,342. Edina's pay is $10,348, which is 17% below the group average. For Council Members, the average pay is $9,050. Edina pays its Council Members $7,758, which is 15% below the average.

Edina's elected official pay is governed in Section 120 of the City Code. The last pay increase for the City's elected officials occurred on January 1, 2008. There have been no increases in the compensation of elected officials since January 1, 2008.

Section 120.B includes an attempt to index elected official pay increases to the "percentage wage increase granted to fulltime City employees", but this provision was effective only on January 1, 2008. However, even if that provision had been made effective each year and elected official pay had been indexed to employee pay increases, Mayor pay today would be estimated to be $11,088 and Council Member pay would be estimated to be $8,033 – pay levels that would still put Edina elected official pay below the average of our 2011 compensation study.

At the Council's November 20 meeting, you considered a pay increase proposal that would increase the pay of the Mayor from its current level of $10,348 to $13,500, effective January 1, 2015. This action would represent a one-time increase of 30.4%, or $3,152. However, if the percentage is averaged out over the

time period from January 1, 2008 to January 1, 2015, the average annual increase of this proposal is 4.3%, unadjusted for inflation that has occurred over that time period.

For Council Members, the November 20 proposal would increase pay from $7,758 to $10,740, effective January 1, 2015. This action would represent an increase of $38%, or $2,982/Council Member/year. Similarly, if the proposed pay increase is averaged over the seven year time period during which the Council Members did not receive a pay increase, the average annual increase unadjusted for inflation would be 5.4%.

The proposed salary adjustment will increase the Mayor's pay to 105.7% of the adjusted pay for the *2011* Mayor pay group. For Council Member, the proposed action would increase pay to 114.6% of the adjusted pay for the *2011* Council Member pay group.

Given the pay position of Edina's elected officials compared to their peers; their lack of pay increase since January 2008; the effects of inflation on the 2008 pay levels; and the general perceived increase in the effort and cost of serving on the Edina City Council, I strongly recommend the Council consider and approve the November 20 proposed pay increases of:

Mayor - Adjust the Mayor's annual salary:

Jan 1, 2015	$13,500	(+ $3,152)

Council Member – Adjust Council Members' annual salary:

Jan 1, 2015	$10,740	(+ $2,982)

As mentioned earlier, current City Code links future City Council pay increases with annual pay increase of City employees. While I understand the intent of that code provision was to create a perceived level of fairness and equity between elected officials and employees, I believe it has the potential to have perverse effects on our discussions and decisions about compensation, in general.

I believe the concept of indexing future pay increases for the Council is a good one. I suggest that instead of linking Council pay increases to employee pay increases, the Council instead link its future pay increases to a neutral third-party index, such as the index produced each year by the Minnesota Office of Management and Budget which indexes annual increases to the State's public employee salary cap. This index is based on the Consumer Price Index and is set by an independent analytical body over which the Council has no control. This action would add transparency and neutrality to an otherwise politically sensitive action.

EDINA ORDINANCE NO. 2012-20

An Ordinance Amending Section 120 of the City Code to Adjust Salaries for Council Members

THE CITY COUNCIL OF THE CITY OF EDINA ORDAINS:

Section 1. Section 120 of the City Code is hereby amended to read as follows:

"120.01 Salaries. The salaries of the Mayor and Council Members shall be as follows:
A. Commencing January 1, 2015:

Mayor:	$13,500 annually
Council Members:	$10,740 annually

120.02 Salary Review. The Council shall review the salaries set by this Section on or before September 1 of even numbered years."

Section 2. This ordinance shall be in full force and effect on January 1, 2015.

First Reading: December 4, 2012

Second Reading:

Published:

Attest _____ _____

Debra A. Mangen, City Clerk James B. Hovland, Mayor