



Memorandum

DATE: August 23, 2022

TO: Shoreline City Council Salary Commission

FROM: John Norris, Assistant City Manager

CC: Melissa Muir, Human Resources & Organizational Development Director

RE: **Shoreline Salary Commission Total Compensation Options and Alternatives**

Background

As the Salary Commission is aware, the duties of the Commission are codified in the Shoreline Municipal Code (SMC) Section 2.70.040. Specifically, the duties of the Commission are as follows:

- A. To study the relationship of salaries to the duties of the mayor, deputy mayor and councilmembers and to study the costs personally incurred by councilmembers in performing such duties;*
- B. To study the relationship of Shoreline city council salaries and insurance benefits and compensation in lieu of insurance benefits to those of councilmembers in surrounding city jurisdictions and other current market conditions, including consideration of factors that would encourage an economically and socially diverse city council, which could include changes to the CPI-U in the Puget Sound region, changes to the statewide minimum wage, and other current market conditions;*
- C. To establish salaries, insurance benefits and/or compensation in lieu of insurance benefits (salary schedule), by either maintaining, increasing, or decreasing each by an affirmative vote of a majority of the members;*
- D. To review and potentially file a salary schedule with the city clerk no later than by the deadline set out in SMC 2.70.050(C).*

In prior Salary Commission meetings, the Salary Commission has reviewed:

- The City Council's compensation and benefit structure and history;
- Councilmember responses to an information request regarding aspects of the Council role that the Commission should be aware of; and

- Total compensation data (salary and benefits) for the positions of Mayor, Deputy Mayor and Councilmember from 12 comparable jurisdictions as selected by the Commission.

In reviewing this content, the Commission has worked to address the first two duties codified in the SMC (duties A and B above). The Commission is now scheduled to discuss the establishment of a salary schedule (salaries, benefits and/or compensation in lieu of insurance benefits) for the City Council as noted in the third codified duty (duty C above). This work must be completed by filing the salary schedule with the Shoreline City Clerk by Friday, September 30, 2022, which is the codified deadline set out in duty D.

At the Commission’s last meeting on August 16th, the Commission agreed to have staff draft a report that would outline the work of the Commission and their findings, including an updated salary schedule if changes are made the City Council’s compensation structure/amount.

Total Compensation Policy Questions

Also during August 16 Salary Commission meeting, the Commission members agreed to use their next meeting to brainstorm various options and alternatives they could consider regarding how to set the Council’s total compensation. Staff recommends that Council review the following policy questions to help guide this discussion at the Commission’s upcoming meeting on August 25. The four policy questions are as follows:

- **Policy Question #1:** Should the City Council’s base salary and benefits be amended (either the amount or the structure) given the market survey and other data that has been collected and reviewed by the Salary Commission?
- **Policy Question #2:** If so, how should the City Council’s total compensation, including salary, benefits and/or compensation in lieu of insurance benefits, be structured?
- **Policy Question #3:** What should the City Council’s total compensation, including salary, benefits and/or compensation in lieu of insurance benefits, be set at?
- **Policy Questions #4:** Should the City Council’s total compensation be inflated in any way in future years, and if so, how should that be structured? Currently,

Current City Council Compensation Structure and Amount

As a reminder, the City Council’s current (2022) base salary and benefits are as follows:

City Council Position	Monthly Salary	Monthly 457 Deferred Compensation Plan Allotment	Total Monthly Compensation	Total Annual Compensation (2022)
Mayor	\$1,250	\$1,154	\$2,404	\$28,848
Deputy Mayor	\$1,100	\$1,154	\$2,254	\$27,048
Councilmember	\$1,000	\$1,154	\$2,154	\$25,848

The City Council's current total compensation is structured as noted above, with a flat monthly salary that was last set by City Council Ordinance in 2013. This flat monthly base salary does not inflate on an annual basis.

The cost formula for Council benefits was established by City Council Ordinance in 2001. Councilmembers receive medical or retirement benefits equal to 60% of minimum premiums for enrollment of an individual, spouse and one child in Association of Washington Cities (AWC) medical, dental and vision plans approved for employees. Any amount not used for these benefits may be used for retirement benefits by contribution to the Councilmember's 457 deferred compensation plan. This allowance was also established in the same Council Ordinance.

As per AWC, a majority of the Council (at least four) must elect to receive medical benefits through AWC for any Councilmember to be eligible to receive benefits. This is an underwriting rule of AWC and not a rule established by City Council Ordinance. Since these benefits have been offered to the City Council, there has not been an instance where a majority of the City Council elected to receive medical benefits, and thus this benefits contribution has always been a contribution to Councilmember deferred compensation plans. The monthly deferred compensation amount inflates each year as the cost of the City's contribution to health benefits increases. This inflation rate has varied from year to year.