

**CITY OF ROCKVILLE
COMPENSATION COMMISSION
REPORT**

MARCH 30, 2011

In accordance with Section 2-21 of the Rockville City Code, the Compensation Commission met on January 31, 2011, March 1, 2011, March 8, 2011, and March 22, 2011 to discuss and prepare a recommendation for Mayor and Council compensation. Members of the Commission were James Coyle, Stephen Edwards, James Marrinan, and Thomas Moore, Chair. Assisting the Commission were City Clerk Glenda P. Evans, Deputy City Clerk Brenda Bean, and City Attorney Debra Daniel.

RESEARCH:

The Commission requested and reviewed the following documents provided by staff to assist in making a reasonable recommendation:

- History of Mayor and Council Compensation in Rockville from 1963 to 2011
- Chart of Mayor and Council Compensation in Rockville from 2000 to 2010
- Chart of Mayor and Council Compensation in Rockville from 1963 to 2008 vs. the CPI
- A list of benefits provided to the Mayor and Council
- A table listing the fiscal impact of the yearly aggregated monetary compensation of the Mayor and Council on the Operating Budget (all funds) and the General Fund
- A comparative table showing the rates of compensation for other cities in Maryland with the population, form of government and method used to determine compensation

ANALYSIS:

In 2009, the Commission conducted a wide-ranging study of the financial compensation of the Mayor and Council. It concluded that the monies paid to Rockville's elected officeholders were best described as "stipends," rather than "salaries," based on the duties the officeholders perform under the council-manager form of government Rockville enjoys. The Commission concluded that the stipend levels for officeholders were at a roughly correct level, given current economic conditions, compensation in comparable jurisdictions, and the Mayor and Council's required duties and responsibilities. It also concluded that the best neutral and reliable index to use in adjusting Mayor and Council stipends from year to year was the federal Bureau of Labor Statistics' Washington-

Baltimore metropolitan area Consumer Price Index (CPI) for All Urban Consumers ("Washington-Baltimore CPI-U").

In 2009, the Mayor and Council, through Resolution 9-09, rejected the Commission's recommendation that the Mayor's stipend be increased from \$25,750 to \$26,295, and Councilmembers' from \$20,600 to \$21,036, at the outset of the current term of the Mayor and Council in late November 2009. The Mayor and Council approved the Commission's recommendations that stipends be increased according to the Washington-Baltimore CPI-U for FY2011 and FY2012.

However, when it came time to fund the approved increases during the FY2011 budget process, the Mayor and Council were not given the opportunity to do so. The correct compensation levels were not included in the budget presented to the Mayor and Council. The Commission believes this was an incorrect process, and the City Clerk, the City Attorney, the City Manager, and the City's budget officers have come to believe so as well. The Commission believes that the correct process should have been for the City Manager to include the compensation amounts Mayor and Council had written into law through Resolution 9-09. The Mayor and Council should then have formally voted to reduce the amount budgeted for their compensation should they have wished to do so.

The Commission notes that actions the Mayor and Council take regarding City employee compensation do not affect their own compensation; the Mayor and Councilmembers are not considered City employees in Rockville's system of government. Their compensation levels are set through a different mechanism than those of City employees: through the disposition of the reports of this Commission.

The budget process that was used last year perhaps reflected a well-understood consensus among City policymakers that the increased compensation levels would not be funded given current economic conditions. But it was an incorrect process. A similar error was making its way through the FY2012 budget process this year, but was discovered and corrected by the City Clerk. The compensation amounts that the Mayor and Council encounter this year in the budget process should now be the correct ones. But the Commission strongly urges the Mayor and Council to direct the City Manager to develop and implement a process that ensures that the correct compensation levels are included in all future budgets.

The decisions (however arrived upon) to not fund the recommended compensation increase in FY2010 and the approved compensation increase in FY2011 concerns the Commission, a concern that merits extended discussion in this report.

If the Mayor and Council voted every year to restrict who could run against them, and tightened these restrictions each year, voters would quite properly be gathering torches and pitchforks. By voting down or failing to fund their recommended increases year after year, this is effectively what the Mayor and Council are doing. Rockville's Mayor and

Council have voted down or failed to fund all increases in elected officeholders' stipends since 2006. Since then, Rockville's cost of living, as measured by the Washington-Baltimore CPI-U, has increased approximately 11 percent.

The level the City sets as compensation for its elected officials does not primarily reflect the City's current financial situation, nor is it an attempt to measure the value of the current crop of officeholders. The level the City sets as compensation for its elected officials is instead about keeping elected office open to all Rockville citizens, regardless of their financial circumstances. The Commission believes the City would not be well-served if only those who could afford to do the job for free run for office.

The sums Rockville pays to its elected officeholders are minuscule in comparison to the overall City budget. The increases the Mayor and Council set into law over the past two years (based on the CPI-based formula the Commission recommended) have been small – 1.6% each year – around \$332 for Councilmembers, and around \$415 for the Mayor. These increases are easy for the Mayor and Council to refuse year by year, but over time they add up. This may help the Mayor and Councilmembers politically in the short run, but over time it hurts the City's ability to attract as wide a range of candidates as possible.

No one runs for office in Rockville because the stipends are so high; one of the Commission's primary goals is to make sure no one fails to run for elected office in Rockville because the stipends are too low. The Commission urges the Mayor and Council to assist the Commission in its mission.

Many correspondents have suggested that the courageous action for the Mayor and Council to take is to vote against increases in their compensation. We argue the opposite is true. Time has shown that it is all too easy to vote against increases. It is considerably more difficult to take the long view, risk a political hit, vote to increase the stipends, and keep Rockville's elective office open to as many candidates as possible. The Commission strongly recommends that the Mayor and Council exercise political courage and do so, both in its consideration of the current budget and in its consideration of this report.

PUBLIC HEARING AND DISCUSSION:

The Commission's meetings were advertised and public input was welcome at every session. Meetings were attended by Harry W. Thomas and Joseph Bradley, potential applicants to the Compensation Commission; Karl Plitt, observing on behalf of the Fraternal Order of Police (FOP); and Katherine V. Moore, Rockville citizen. Comments were received via e-mail from Janice Curtis, Rebecca DeFrees, Douglas Denault, Frank Knapik, Fred Knotick, Saul Parker, and Roald Schrack.

RECOMMENDATIONS:

This year, after careful consideration of factors including current economic conditions, compensation in comparable jurisdictions, and the Mayor and Council’s required duties and responsibilities, the Commission concluded that the Mayor and Council’s current stipends continue to represent amounts appropriate to compensate officeholders. It also concluded that positive changes, if any, in the Washington-Baltimore CPI-U remain an appropriate index to use to modify the stipends each year.

Specifically, the Commission recommends:

- 1) That for fiscal year 2013 and fiscal year 2014, the monetary compensation for the Mayor and Council be increased by the positive change, if any, in the Washington-Baltimore CPI-U for the twelve months preceding the previous November.

- 2) That the Mayor and Council note for the record that (a) The compensation Rockville pays its elected officials is set with an eye on future candidates, not present officeholders; (b) the Compensation Commission strives to keep stipends at a level that allows the City to attract the best range of candidates for elected office over the long run; and (c) the City is well-served when its leaders exercise political courage and approve recommended changes in compensation and fully fund them in the budget.

- 3) That the Mayor and Council direct the City Manager to develop and implement a process that ensures that the correct compensation levels, as set by the Mayor and Council in their disposition of this report, are included in future budgets.

These recommendations passed unanimously.

TIMELINE

Current	
FY2011	FY2012
Mayor: \$26,162 (legal level) \$25,750 (budgeted level) Councilmembers: \$20,930 (legal level) \$20,600 (budgeted level)	Mayor: \$26,581 Councilmembers: \$21,265

Recommended	
FY2013	FY2014
FY2012 + CPI	FY2013 + CPI

Under this recommendation, at the beginning of FY2013 (July 2012), the stipends would increase by any positive change in the November 2010-November 2011 Washington-Baltimore CPI-U. At the beginning of FY2014 (July 2013), the stipends would increase by any positive change in the November 2011-November 2012 Washington-Baltimore CPI-U. This amount would stay in effect until further action is taken, as provided by law, to alter the annual stipends for the Mayor and Council.