



City of Rockville

MEMORANDUM

March 26, 2009

TO: Mayor and Council

FROM: Claire F. Funkhouser, City Clerk

SUBJECT: Compensation Commission Report 2009

This memo is to notify you that, on March 25, 2009, the Compensation Commission filed their recommendation regarding the annual compensation of the members of the Mayor and Council, as required by Chapter 2 of the Rockville City Code, "Administration." By a majority vote, the Commission has recommended the following:

1. **That the Mayor's annual monetary compensation for FY 2010 be increased from \$25,750 to \$26,295 and that each Councilmember's monetary compensation for FY2010 be increased from \$20,600 to \$21,036. These recommended increases reflect the difference in the Bureau of Labor Statistics' Washington-Baltimore metropolitan area CPI-U from November, 2007 to November, 2008.**
2. **That for fiscal year 2011 and fiscal year 2012, the monetary compensation for the Mayor and Council be increased by the positive change, if any, in the Washington-Baltimore metropolitan area CPI-U for the twelve months preceding the previous November.**

A copy of the report providing background about the recommendation is attached. The Compensation Commission has also requested an opportunity to speak with you about their recommendation. The meeting is tentatively scheduled to take place as part of the budget worksession scheduled for April 27.

In accordance with Chapter, 2 the Mayor and Council have until May 22, 2009 (60 days from the date of this notification) to either:

- (a) Take no action to reject or reduce the compensation recommended by the Commission. Should you decide to take no action, the recommended compensation will take effect on the day on which the Mayor and Council who are elected on November 3, 2009 take office, or

- (b) Reject all or part of the Commission's recommendations and reduce the compensation recommended by the Commission by adopting a resolution to that effect on or before May 22, 2009.

Should the Mayor and Council decide to take an action that requires the adoption of a resolution, one can be prepared per the Mayor and Council's instructions to the City Attorney.

I will await the Mayor and Council's decision on how to proceed with the Commission's recommendations. If you should have any questions about this matter, please do not hesitate to call me.

Attachment

cc: Members of the Compensation Commission
 Scott J. Ullery, City Manager
 Debra Yerg Daniel, City Attorney
 Sondra H. Block, Assistant City Attorney
 Carlos Vargas, Director of Human Resources
 Gavin Cohen, Director of Finance
 Stacey Tate, Budget Officer
 Brenda F. Bean, Deputy City Clerk

**CITY OF ROCKVILLE
COMPENSATION COMMISSION
REPORT**

MARCH 26, 2009

In accordance with Section 2-21 of the Rockville City Code, the Compensation Commission met on January 29, 2009, February 18, 2009, March 10, 2009 and March 20, 2009 to discuss and prepare a recommendation for Mayor and Council compensation. Members of the Commission were James Coyle, Stephen Edwards, James Marrinan, Thomas Moore and Virginia Onley, Chair. Assisting the Commission were City Clerk Claire Funkhouser, Deputy City Clerk Brenda Bean and Assistant City Attorney Sondra Block.

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 2008
- A list of benefits provided to the Mayor and Council
- A list of candidates for the 2007 election and their professions
- 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
- The 2002 Charter Review Commission's Report to the Mayor and Council
- The 1973 Charter Review Commission Report
- United States Department of Labor, Bureau of Labor Statistics: Consumer Price Index (CPI) for Urban Wage Earners and Clerical Workers
- Montgomery County, Maryland, Government Study on Compensation of the County Executive, County Council, Sheriff, and State's Attorney

ANALYSIS:

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 represent amounts appropriate to compensate officeholders for some of the expenses they may incur while doing their jobs.

The commission next searched for a neutral and reliable index it could recommend for use in adjusting Mayor and Council stipends from year to year, and has concluded that the federal Bureau of Labor Statistics' Washington-Baltimore metropolitan area Consumer Price Index (CPI) for All Urban Consumers ("Washington - Baltimore CPI-U") is the best choice. The index seeks to measure the average price of consumer goods and services purchased by households in the Washington-Baltimore metropolitan area; changes in the index are used widely to adjust wages and prices throughout the region. Montgomery County and the City of Frederick make similar use of the index to set officeholder stipends and salaries. The Washington-Baltimore CPI-U is calculated every other month; the November calculation was chosen as the best final number available to the City when budget season begins.

PUBLIC HEARING AND DISCUSSION:

No formal public hearings were held for this compensation review period. However, the Commission's meetings were advertised and public input was welcome at every session. Testimony was heard from two (2) Rockville citizens. Roald Schrack spoke on February 18 and Mark Pierzchala spoke on March 10. Contessa Crisostomo from the *Gazette* newspaper attended the January 29 and March 20 meetings. The Commission also received letters from Saul Parker, Gillian Austin, John McKee and Mr. Pierzchala.

RECOMMENDATIONS:

- 1) That the Mayor's monetary compensation for FY2010 be increased from \$25,750 to \$26,295 and that each Councilmember's monetary compensation for FY2010 be increased from \$20,600 to \$21,036. These recommended increases reflect the difference in the Washington -Baltimore CPI-U from November 2007 to November 2008.
- 2) That for fiscal year 2011 and fiscal year 2012, 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.

These recommendations passed on a vote of 4 to 1.

TIMELINE

Calendar Year 2009	Calendar Year 2010	Calendar Year 2011	
FY2009	FY2010	FY2011	FY2012
Mayor: \$25,750 Councilmembers: \$20,600	Mayor: \$26,295 Councilmembers: \$21,036	FY2010 + CPI	FY2011 + CPI

Under this recommendation, the Mayor and Council would continue to be awarded stipends of \$25,750 and \$20,600, respectively, until November 2009. After the inauguration of the new Mayor and Council, the stipends would increase to \$26,295 for the Mayor and \$21,036 for Councilmembers, an increase of 2.12%, which reflects the change in the Washington-Baltimore CPI-U from November 2007 to November 2008.

At the beginning of FY2011 (July 2010), the stipends would increase by any positive change in the November 2008-November 2009 Washington-Baltimore CPI-U.

At the beginning of FY2012 (July 2011), the stipends would increase by any positive change in the November 2009-November 2010 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.