

EVERETT SALARY REVIEW COMMISSION MEETING

April 15, 2015, 1:00 PM

Mayor's Conference Room

Those present:

Commission Members:

Chris Adams

John Dickson

Catherine Havener

Caroline Mason

Angie Sievers

Bobby Thompson

Art Thomson

City Staff:

Sharon DeHaan, Labor Relations/Human Resources Director

Joni Siewert, Labor Relations/Human Resources Department, minutes

Christina Wiersma, City Attorney's Office

Deborah Wright, Executive Administrator

Guests:

Mayor Ray Stephanson

Deb Williams, City Council Office

The meeting commenced 1:00 PM.

Presentation by Mayor Ray Stephanson

Mayor Stephanson thanked the Commission members for volunteering their time. He explained the procedures establishing a Salary Commission were set up a number of years ago to make the process as open as it possibly could be, to take politics out of salary increases. Mayor Stephanson offered some perspective of the Mayor's job as the Commission members deliberate.

The Mayor explained that in 1969 the City's current form of government was established. Before that there were three Commissioners. The current form has stood the test of time. Every 10 years the City Charter is reviewed to see if this form of government is still applicable. Some cities have City Managers. Some run like Snohomish County with a strong Council. He

observed cities have tended to move away from City Managers to the Mayor form of government.

Mayor Stephanson continued that Everett is the largest city in the County. He's involved every day in the operations of the City, and is also involved in everything in Snohomish County, and a lot of what goes on in the State of Washington. This is not a 40 hour a week job. He needs to be available 24 hours a day seven days a week in the event of death, emergency, or fire. He estimates he puts in 60 to 70 hours in a week, is away from home most every evening, and also attends many functions on weekends.

Important economic projects on which the Mayor has been working include ensuring the future of Naval Station Everett, to include an expanded presence of Coast Guard ships. The City is also working to redevelop the Kimberley Clark property for maritime use, envisioning a full shipyard to build the next generation of fishing fleet vessels and Washington State ferries and perform any kind of out of water maintenance, creating 1,500 jobs. On the education front he cited the partnership with Washington State University, and said a new 100,000 square foot building will be approved in this legislative session for a new degree program; by 2025 he estimates there will be 2,000 or more students. With the approval of its medical school WSU will bring medical education to Everett, forming an important link with Providence Hospital. The Mayor stressed there is a lot of activity going on and not just here, so it is important Everett is at the table regionally and state-wide.

Mayor Stephanson said the City of Everett has about 200 employees who are not in a union. For three years during the recession elected and non-represented employees, also known as appointive, received no cost of living increase. They were also the first to do a 10% contribution to healthcare. He added the City needs to address healthcare costs by 2018 or may have to pay a \$1.5 million Cadillac Tax penalty.

Mayor Stephanson addressed the stance he took about the Boeing 777X. He said if Boeing were to move that work out of the area Everett would experience over a 30% reduction in revenue, which would not be sustainable. He believed it important the Machinists get the right to vote on the contract, and encouraged them to vote yes. He offered to meet with the Machinists to talk about data on the difference between pension plans. In his own life he spent 30 years in a private corporation, could have taken either a defined pension or 401K plan, he took the 401K for his family's future, and would support going to 401K statewide. He conceded his stance created friction and he still gets mail on the subject, but he believes it was important to Everett. He related that after the first no vote economic development in the area went dead. After the second, yes vote interest in the local economy quickly picked up again. He was not willing to put the City and community at risk by not taking a stand.

Mayor Stephanson concluded his comments by saying he is the highest paid employee in the City. For three years he didn't take a salary increase. The bargaining units were getting some cost of living increases during that time, maybe not CPI, because in many cases CPI was negative. If there is not a salary increase for the Mayor it creates compression, particularly for those 200 employees who are not represented. The situation will arise that will have supervisors making more than their managers. Mayor Stephanson emphasized it is important for exempt employees to be treated fairly. He related that the PUD and Snohomish County pay more than the City does. He said the City is a good steward of public money, but there is a balance. He doesn't want to start losing exempt employees.

John Dickson observed that from the survey of Mayor compensation it looks like some cities go with a City Manager who is highly compensated, perhaps with a part-time Mayor. He said he assumes that in Everett they get the full package in one person. Mayor Stephanson agreed, saying in Everett the Mayor is responsible to run the City as a public corporation with a \$500 million per year budget. A large part of the responsibility is providing 80% of the County's water and sewer. He added there are other differences in span of control, as some cities don't have transit, don't have utilities. Everett has the largest population in the County, is the County seat, and has the accompanying street issues.

There being no more questions, Mayor Stephanson left the meeting.

April 8, 2015 minutes

Commission Chair Angie Sievers asked for a motion to approve the April 8 Salary Review Commission minutes. John Dickson so moved, seconded by Catherine Havener. The motion carried.

Mayor's compensation

Angie Sievers reviewed that at the last meeting City Councilmembers' salaries were increased 2% each of two years, and Municipal Court Judges' salaries were increased consistent with District Court Judges. The purpose of today's meeting is to discuss the Mayor's salary.

Sharon DeHaan asked to talk further about compression. She said the City does have the situation where some employee unions have the right to go to arbitration with their union contracts, and recently two have gone to neutral arbiters and have received salary increases. If the Mayor's salary is held steady and the non-represented employees receive wage increases, the

City will be in the situation there will be senior staff members making more money than the Mayor.

Deb Williams joined the meeting at this point.

Sharon DeHaan continued there have been years staff members make more than their managers, which has created compression problems. She related that Seattle usually gives its Mayor what the non-represented employees receive. She informed the Commission that last week two contracts were approved giving 460 people a 3% raise for next year, in return the City receives 10% contribution to medical premiums. If the Mayor gets 0% he will get less than some staff members because of compression issues.

Catherine Havener asked if it is known what percentage would be needed. Sharon DeHaan replied that assuming appointive employees receive close to what the recent two contracts did it will be 3% next year. She added that non-represented employees have gone more years with a 0% increase than represented employees have, and it would be desirable to make that up. She gave examples of what other cities use as an increase for their Mayors. Renton's receives the same as non-represented employees, who receive the same as the AFSCME union. Bellingham does a survey. Spokane pays the same increase as the highest paid employee, usually the Police or Fire Chief.

John Dickson asked how many employees work for the City. Sharon DeHaan replied 1200, not including seasonals. She added the City employee population includes a fire department, whereas a lot of other cities are served by fire districts. Everett also has libraries and a municipal court that not all cities have. Everett is one of two cities in the State that have a City transit system. Everett has a large wastewater plant, also its own lake that provides the water system for large parts of the County population.

Art Thomson asked what the Chiefs earn. Sharon DeHaan replied \$155,000, so a 3% increase is \$159,000, and \$163,000 the following year. She added the City Attorney earns more than the Chiefs, \$159,000. Chris Adams asked if the Commission does give a cost of living increase, won't the compression problem continue? Sharon DeHaan replied yes, as the Fire, Police, and Transit unions can go to arbitration.

Chris Adams wondered if the process is broken. John Dickson agreed, saying the media is looking at total compensation, but the Commission can only address salary. He spoke in favor of recommending a change.

Regarding setting the Mayor's salary, John Dickson said a lot of things happened under Mayor Stephanson's control that has benefited the City. He cited the examples of the 777X and

Washington State University. He spoke in favor of a 3% adjustment this first year to keep pace with what the other non-represented employees are receiving. For the second year, for the job the Mayor is doing, he also deserves some kind of increase.

Caroline Mason reflected that a City Manager is a hire process, whereas Everett's is an elected process. She said Mayor Stephanson has served the City well, but that position could be open in the near future so they need to think about compensating the position. They are paying for both a Mayor and City Manager in one. Everett's compensation is high on the side of Mayor, but low on the side of City Manager.

Charter review was discussed. Deb Williams believes the last review was 2007, and it happens every 10 years. Chris Adams verified the Commission is making a two year decision, which will go into the year of Charter review. He suggested having part of their recommendation be to address this in Charter review.

Angie Sievers asked if the City is seeing the effects of compression. Sharon DeHaan replied yes, professionals are leaving to go to Lynnwood and Marysville. She said Everett is consistently about 3% in salary below others, which can be traced back to when everyone received 3% but appointive employees, who received 0%.

John Dickson said exempt or appointive employees are the marketplace, and he feels it appropriate to keep them in alignment with the Mayor. Chris Adams expressed concern if there was a big bump in the benefits costs and thus employee contributions.

Bobby Thompson asked what would be the recommendation to the Charter. Chris Adams replied have the Charter Review Committee consider compression. Deborah Wright pointed out there is also opportunity to make comments during the Charter review process.

Sharon DeHaan suggested the Commission also could tie the increase to a percentage above the Chief Administrative Assistant. Chris Adams said that's not really a marketplace approach.

John Dickson went back to the years the Mayor received no increase, 2010 through 2012. He asked if appointive employees also did not receive pay increases. Sharon DeHaan replied that was correct.

John Dickson wondered if there should be a cap on the compensation increase. The Commission decided against it, as it is only a decision over two years.

John Dickson moved to set the Mayor's increase in 2016 and 2017 to match the average of the appointive or non-represented group of City employees. Chris Adams seconded the motion. The motion carried.

Next meeting

The next meeting is the first public hearing. The hearing will be held first, and the Commission meeting will commence afterward. It will be Monday, 1:00 PM, 5th Floor, HR Training Room.

Angie Sievers distributed a draft of the Salary Schedule reflecting the decisions made for Council and Municipal Court Judges at the April 8 meeting.

The meeting adjourned 2:10 PM.

Respectfully submitted,

Joni Siewert