

**REPORT AND RECOMMENDATIONS
TO THE MAYOR AND CITY COUNCIL
CITY OF MESA, AZ
Submitted by
INDEPENDENT COMMISSION ON COMPENSATION
FOR ELECTED OFFICIALS**

January 11, 2016

BACKGROUND

On August 20, 2012, the Mesa City Council created the Independent Commission on Compensation for Elected Officials. The purpose of the Commission is to establish a fair and reasonable compensation for Mesa's elected officials. The Commission is to ensure that the Mayor and City Council are "compensated for their time, and effort on behalf of the City at a level that (1) is reasonable in light of the compensation paid to elected officials in other municipalities in the United States of similar size, (2) will include the costs and expenses necessary to perform their duties, (3) is likely to attract competent and effective people to serve in public office, (4) makes public service possible for every eligible citizen, not just those whose financial status enables them to serve, (5) takes into account the financial circumstances of the City, and (6) is determined by an Independent Commission on Compensation for Elected Officials." (2-25-1).

The Ordinance states that the Commission shall determine the compensation of the Council and the Mayor by comparing the compensation provided to elected officials in similarly situated cities within the United States. (2-25-3(B))

The Commission is to provide a report and recommendation to the Council within ninety (90) days following its initial meeting. "The recommendations of the Commission must be approved or rejected as a whole by the City Council." (2-25-3(A)).

To accomplish its purpose, the Commission held several public meetings, received and reviewed compensation and benefits data from numerous comparable cities across the United States, with particular focus on the State of Arizona.

MEMBERS OF THE COMMISSION: The following Mesa residents were appointed to serve on the Independent Commission: Claudia Walters (chairperson), Bryan Raines (vice-chairperson) Gary Levine (reappointment), Pete Lesar, Anne McCawley.

INFORMATION PROVIDED AND REVIEWED BY THE COMMISSION:

Based on the request of the past Commission members and additional information as requested by the current Commission, staff provided the following information:

- Summary of the 2012 and 2013 Commission's report and recommendations to the City Council.
- Data from comparable cities across the United States that included: (1) the annual salaries for the elected officials; (2) benefits provided to the elected officials (e.g., vehicle allowance, communication allowance, medical/dental insurance); (3) retiree health insurance options to elected officials; (4) population; (5) total municipality budget; (6) process/factor used to adjust elected officials' salaries; (7) any expected salary increases prior to 2017.
- Post-retirement benefits offered to City employees.
- Current executive City employees' vehicle and phone allowance.
- Current Mayor and Councilmember iPad and data allowance.
- Current Mayor and Councilmember personal cell phone costs.
- Consumer Price Index and Social Security Cost of Living Adjustments.

HISTORY OF MESA'S CITY COUNCIL COMPENSATION

Since adoption of the Mesa Charter in 1967, the compensation for the Mesa City Council has been adjusted three times. In 1986, the annual salaries were adjusted to \$19,200 for Mayor and \$9,600 for Councilmember. In 1998, the annual salaries were adjusted to \$33,600 for Mayor and \$16,800 for Councilmember.¹ In 2015, the annual salaries were adjusted to \$73,545 for Mayor and \$36,832 for Councilmember.

The Commission believes that salaries of Mesa's Mayor and Councilmembers should be commensurate with that of comparable cities, especially those in the State of Arizona.

In 2001, the Mayor and Councilmembers began receiving a \$150/month vehicle allowance. In 2015, the vehicle allowance was adjusted to \$550/month for Mayor and \$350/month for Councilmember.

Since 2005, the Mayor and Councilmembers have received an \$80/month communication allowance, which has not been adjusted since initial adoption.

SUMMARY OF COMMISSION DISCUSSIONS:

In November 2015, and January 2016, the Commission met on three occasions to review and discuss the materials provided by City staff and to finalize their recommendations.

¹ The Mayor and Council have received cost of living adjustments provided to all City employees.

The following is a summary of the Commission discussions:

- The eligibility of elected officials for City retirement health care benefits was discussed. The Commission considered a wide range of options, but ultimately concluded that, based on the City Charter regarding term limits, and a variety of other factors, Mesa's elected officials are unable to meet the necessary eligibility requirements for a City employee retiree benefits package.
*Note: At the onset of this discussion, Chairperson Walters declared a potential conflict of interest and refrained from discussion or voting on the eligibility of elected officials for retiree benefits.
- The Commission discussed the compensation provided to Mesa's elected officials and those of comparable cities. The data shows that of the Mayors in Arizona, Mesa's Mayor currently receives an appropriate base salary, second only to Phoenix. After a discussion and analysis of the data, the Commission agreed that the Mayor's current base salary is appropriate and does not warrant adjustment at this time.
- Taking into account the Councilmember base salary, the data indicates that Mesa is also ranked second to Phoenix in the state. The Commission also discussed the current 50 percent ratio between the Mayor base salary and the Councilmember base salary. The Commission agreed that the ratio should be 60 percent to better reflect the amount of time worked is more than that of a "half-time" employee. The philosophy of the Commission is to incrementally increase the Councilmember base salary to ultimately reach a 60 percent ratio.
- The vehicle allowance for Mayor and Council was considered, and after a review of the vehicle allowances given to the executive staff of the City, the Commission agreed that the current vehicle allowances for Mayor and Council are adequate and do not warrant adjustment at this time.
- The Commission discussed the communication allowance for Mayor and Council. They considered the current average cell phone bill of each Councilmember and agreed that to adequately cover the total cost of the monthly cellular phone service, the allowance should be increased.

RECOMMENDATIONS

To accomplish the goals set forth in the Ordinance, and to ensure that Mesa can attract competent and effective leaders to serve as Mayor and Council, the Commission recommends that the Mesa City Council approve the following compensation package for Mesa's elected officials.

Annual Salary:

Mayor: \$73,545 – (No change)

Councilmembers: \$40,582 – (Increase of \$3,750) It is the current Commission's stated philosophy to incrementally increase the Councilmember base salary to reach a 60 percent ratio of the Mayor base salary.

Vehicle Allowance: The elected officials use their private vehicles to travel throughout the county and should be compensated for this expense. The Commission recommends that the Mayor continue to receive \$550/month and Councilmembers continue to receive \$350/month as a vehicle allowance.

Communication Allowance: The elected officials use their private cell phones for City business and should be compensated for this expense. The Commission recommends that the Mayor and Councilmembers receive \$100/month (a \$20/month increase) as a communication allowance.

City Benefits: The Commission recommends that the Mayor and Councilmembers continue to be eligible for City benefits consistent with those provided to executive level City employees, which may, from time-to-time be amended, as employee benefits are amended.

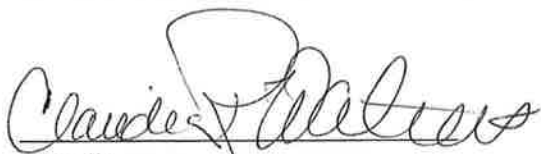
Retiree Benefits: After much consideration, the Commission recommends that a City retiree benefits package not be created for elected officials.

CONCLUSION

The members of the Independent Compensation Commission feel strongly that Mesa must continue to attract effective leaders for the positions of Mayor and Councilmember. To do so, the City must reasonably compensate its elected officials to ensure that public service is available to all residents. The compensation for Mesa's elected officials should be commensurate with elected officials in similarly situated cities. The Commission believes that these recommendations will help Mesa move toward this goal, but that additional adjustments should be considered in the future to fully satisfy this goal.

The Commission requests that the City Council adopt the recommendations of this Independent Compensation Commission.

Respectfully submitted this 11th day of January, 2016.


Claudia Walters
Chairperson