

ORDINANCE NO. NS-2306

AN ORDINANCE SETTING COUNCIL MEMBER AND MAYOR COMPENSATION IN THE EVENT THE BALLOT MEASURE REMOVING COMPENSATION FROM THE BEND CHARTER IS APPROVED BY THE VOTERS IN MAY OF 2018

Findings

- A. By Resolution No. 3106, the City Council placed a measure on the May 2018 ballot to remove council member compensation from the Bend Charter, to be set instead by ordinance after consideration of the recommendations of an independent advisory committee.
- B. While the Charter will only be amended if the voters pass the ballot measure, Council desires to adopt this ordinance on council member compensation to take effect in the event that the measure passes. This will give voters information for an informed decision on the effect of the measure on future council member compensation. It is not intended as advocacy for or against the measure, but as factual, relevant information for the voters.
- C. Bend Code 1.20.015.H authorizes the Council to establish temporary committees by resolution to address specific issues or to engage in specific tasks, and to establish the scope of the authority and responsibilities of the temporary committee. By Resolution No. 3107, on February 7, 2018, Council formed an independent citizen advisory committee to consider and recommend a council member compensation ordinance that would take effect in January 2019 for members elected in the November 2018 election, and only if the voters pass the proposed measure removing council member compensation from the City Charter.
- D. The independent Council Compensation Advisory Committee (Compensation Committee) included three former Council members/Mayors and four members from the Charter Review Committee. The Compensation Committee met twice at publicly noticed meetings in February 2018, and made a recommendation at the March 7, 2018, Council work session. Taking a data driven approach, the Committee reviewed the available comparison information of other cities' council member compensation/stipends from the League of Oregon Cities, as well as other information for background and review of compensation options.
- E. The Committee recommended that the council members be paid a stipend of 10 percent of area median income (AMI) based on the US Department of Housing and Urban Development (HUD) calculation method for FY 2017 (US Census Bureau's ACS estimate of median income for a family of four for Bend-Redmond, OR MSA), and that the mayor be paid 20 percent of AMI. For 2017, the rounded AMI for Bend-Redmond was \$64,000. (See attached

chart.) Based on this number, the Compensation Committee recommended council members be paid \$533 per month the mayor be paid \$1066 per month.

- F. The Committee recommended that the stipend adjust automatically every two years in January after council members take office, beginning in January 2021, based on any revision (up or down) to the AMI as published by HUD, and implemented by City finance staff. The Committee also recommended that Council reappoint an advisory committee every five years, as part of Charter review, to review and reevaluate compensation and consider its recommendation, if any.
- G. The Committee did not recommend providing any other compensation benefits such as health insurance or retirement benefits.
- H. As a rationale for its recommendation, the Committee believed that although an essentially volunteer position, there should be some recognition of the value of the service by council members to the community and the personal sacrifice necessary for such service. The position of mayor, based on experience and history, has a greater expectation of engagement and commitment.
- I. The Committee's rationale for linking compensation to AMI is so that council member compensation is tied, even in a limited fashion, to the health of the overall economy in the city of Bend. The Committee understood that is not a perfect performance-based tool, but felt that considering the area median income of Bend residents in setting the stipend is an innovative and fair approach to the compensation amount.
- J. Council accepts the Committee's rationale and agrees with its recommendation as an independent advisory Committee.
- K. Council understands that a council member may not vote to set their own pay. ORS 244.120. Oregon law requires an intervening election so that the voters decide who is elected to receive the new rate of pay or stipend. At the time of voting on this recommended compensation ordinance, Councilors understand that a potential conflict of interest should be declared for current council members who are eligible to run for another term, or who may run for mayor. Council members will disclose that possibility or intention to run for a position whose pay was being established.
- L. The City and the Council do not intend this or any subsequent change to council member compensation to suggest a position on the Bend City Council is a qualifying position for PERS purposes. Council members are not expected to perform a minimum number of hours of service in exchange for compensation.

- M. Council understood and directed that City staff's role in the Council Compensation Committee process must be limited to providing neutral, relevant and balanced information to the Committee, taking no role in promoting or opposing the ballot measure while on the job during working hours.

Based on these findings,

THE CITY OF BEND ORDAINS AS FOLLOWS:

- Section 1. Council members shall be paid a stipend of 10 percent of area median income (AMI) based on the HUD calculation method for FY 2017 (US Census Bureau's ACS estimate of area median income for a family of four for Bend-Redmond, OR MSA), and the mayor paid 20 percent of AMI. For 2017, the rounded AMI for Bend-Redmond was \$64,000. Based on this number, council members shall be paid \$533 per month, and the mayor shall be paid \$1066 per month. No other benefits (such as health or retirement benefits) are provided. As provided in the Bend Charter, council members will continue to be reimbursed for expenses consistent with the plan for reimbursing City personnel expenses.
- Section 2. This stipend amount will adjust automatically every two years beginning January 2021, after council members take office, based on any revision (up or down) to the AMI as calculated and published by HUD for the current fiscal year. City finance staff are directed to implement this change.
- Section 3. If the ballot measure removing council member compensation is approved by the voters, the Council should reappoint an advisory committee every five years, starting in 2023, to review and reevaluate compensation and consider its recommendation, if any, to be implemented after the next election cycle.
- Section 4. This ordinance takes effect only if the removal of council member compensation from the Charter ballot measure is approved by the voters. If approved, it is effective whether or not the directly elected mayor ballot measure is approved by the voters.
- Section 5. If the compensation ballot measure is approved by the voters, the effective date of this ordinance for council members (including the mayor) elected in November of 2018 shall be when those members take the oath of office in January 2019, and thereafter for Positions 5, 6 and 7. It is effective for Positions 1, 2, 3 and 4 following the election in November of 2020 (January 2021), or earlier if filled by appointment. City staff are directed to take any steps necessary to implement the provisions of this ordinance. If the ballot measure does not pass, this ordinance shall not take effect.


First Reading Date: March 21, 2018

Second Reading Date: April 4, 2018

Adopted by roll call vote on:

YES: Sally Russell
Bruce Abernethy
Nathan Boddie
Barb Campbell

NO: Bill Moseley
Justin Livingston



Sally Russell, Mayor Pro Tem

ATTEST:



Robyn Christie, City Recorder



Mary A. Winters, City Attorney

FY 2017 Median Family Income Documentation System

Median Family Income Calculation Methodology

Estimates of median family income for metropolitan and non-metropolitan areas are developed as follows:

1. The U.S. Census Bureau's 2010-2014 ACS median family income estimates are used as a basis for calculating HUD's FY2017 MFIs. In areas where the margin of error is more than half of the 2014 5-year ACS itself, the state non-metro estimate of median family income is used.
2. If there is a valid 2014 1-year ACS estimate of median family income available, HUD replaces the 5-year data with the 1-year data. A valid 1-year 2014 ACS estimate is one where the margin of error of the estimate is less than one-half of the estimate.
3. Once the appropriate 2014 ACS data has been selected, an inflation factor based on the CBO forecast of the national CPI is calculated to inflate the estimate from mid-2012 to April, 2017 (or mid FY2017).

The **Bend-Redmond, OR MSA**, has published local area 1-year 2014 ACS Survey results.

MFI Step by Step Calculation for Bend-Redmond, OR MSA

1. The following are the 2014 American Community Survey 5-year median income estimate and margin of error for **Bend-Redmond, OR MSA**:

Area	ACS ₂₀₁₄ 5-Year Median Income	ACS ₂₀₁₄ 5-Year Margin of Error	Ratio	Result
Bend-Redmond, OR MSA	\$61,137	\$1,703	$\frac{\$1,703}{\$61,137} = 0.028$	$0.028 < .5$ Use ACS ₂₀₁₄ Bend-Redmond, OR MSA Median Income

2. Since there is a 1-year 2014 ACS estimate available, the margin of error of the estimate is checked to determine if it is less than one-half of the 1-year 2014 ACS:

Area	ACS ₂₀₁₄ 1-Year Median Income	ACS ₂₀₁₄ 1-Year Margin of Error	Ratio	Result
Bend-Redmond, OR MSA	\$62,050	\$6,756	$\frac{\$6,756}{\$62,050} = 0.109$	0.109 < .5 Update to ACS ₂₀₁₄ 1-Year Median Income

3. The calculation of the CPI Inflation Factor is as follows:

Area	FY2017 CPI	2014 Annual CPI	CPI Inflation Factor
Bend-Redmond, OR MSA	244.2	236.736	$\frac{244.2}{236.736} = 1.03153$

4. The FY 2017 median family income is estimated as follows:

Area	ACS ₂₀₁₄ 1-Year Estimate	CPI Inflation Factor	FY 2017 Area MFI Estimate
Bend-Redmond, OR MSA	\$62,050	1.03153	$(\$62,050 * 1.03153) = \$64,006$

5. In keeping with HUD policy, the median family income estimate is rounded to the nearest \$100:

Area	Unrounded FY 2017 MFI Estimate	Rounded FY 2017 MFI Estimate
Bend-Redmond, OR MSA	\$64,006	\$64,000