

Minutes



CITY OF BEND

Council Compensation Review Committee – Meeting #3
2:00 PM-5:00PM, January 5, 2024

Staff Liaisons: Mary Alice Winters (City of Bend, City Attorney), Brooke Olsen (City of Bend, Associate City Attorney)

Additional Staff: Rob DuValle (City of Bend, Chief People Officer), Tiana Morris (City of Bend, Human Resources Business Partner)

The third meeting of the Council Compensation Review Committee was called to order at 2:05 PM on Friday, January 5, 2024, in the Board Room at Bend City Hall, 710 NW Wall Street, and online.

- 1. Roll Call.** Present: Kathy Austin, Kelly Cannon-Miller, Louis Capozzi, Chris Cardwell, David Kline, Heather Simmons, Judy Stiegler, Stephen Sehgal, Deb Schoen.
- 2. Opening and Brief Introduction.** Chair Stiegler opened the meeting by welcoming all Members and inviting them to re-introduce themselves.
- 3. City Attorney: Presentation on Additional Stipend Data.** Associate City Attorney Olsen presented stipend data from Washington cities, followed by the calculation information requested by the Committee at the previous meeting: The Deschutes County Commissioners' \$125,000 annual salary broken down for 50% Mayor/30% Councilor; 40% Mayor/20% Councilor; 30% Mayor/10% Councilor. All Committee Members discussed the bases and appropriate amounts for Councilor and Mayor stipends. Member Simmons said the stipend amount should be similar to that of other elected officials with comparable duties, putting all politics aside; that metric provides one framework for this Committee's recommendation.

The Committee asked where the stipend calculation in the current Bend Municipal Code (10% of AMI for Councilors and 20% of AMI for the Mayor) came from. City Attorney Winters explained that the calculation was intended to represent the stipend amounts the previous committee wanted derived from AMI, based on data from other cities and that committee's recognition that their recommendation, if adopted by the Council, would be the first time Council compensation would come out of the City Charter and be increased from the previous amount of \$200/month stated in the Charter.

- 4. Human Resources Department: Presentation on Health Insurance.** HR Department staff gave a presentation on the City's health and dental plans. HR Business Partner Morris explained the "high deductible" nature of the health plan and the costs of deductibles (\$4,000 annual deductible for a family plan; \$2,000 annual deductible for individual plan), the scope of coverage under the health and dental plans, and the rates for each under 90/10, 75/25, and 50/50 cost share formulas. She noted that City Councilors not eligible for an HRA to help cover high deductible costs because they are not employees; under IRS rules, only employees can have HRAs.

HR Business Partner Morris shared what the City's insurance provider, PacificSource, would require for the Mayor and Councilors to be eligible for the plans. Vice-Chair Capozzi asked about the effective date for Councilor coverage; HR Business Partner Morris clarified that Councilors and the Mayor would be eligible for coverage the first day of the month following their date of appointment, whereas open enrollment to make individual plan changes occurs annually in June.

5. Committee Discussion: Health & Wellness Stipend, Health Insurance, and Stipend Amount

Committee Members agreed offering health insurance to Councilors was important to reduce barriers to Council participation. They discussed a "health and wellness stipend" to help cover the high deductible costs of the City's plan, and agreed that providing this type of stipend would be a flexible and useful resource for Council members. The health and wellness stipend would be paid to all Councilors (even if they did not elect health insurance coverage). Member Austin expressed support for a health and wellness stipend, in addition to a health insurance option for Councilors and dependents using a 90/10 cost split, to make insurance affordable for Councilors and achieve the Committee's policy goals. Member Cardwell, Member Sehgal, and others agreed that Councilors should be able to elect health coverage for their families, and the cost share should make it as affordable as possible. Members agreed that Council members should receive a health and wellness stipend, intended to help supplement the deductible costs of the City's health plan. Member Kline asked whether the City could place guardrails on a health and wellness stipend to ensure Councilors could only spend it on health-related costs. City Attorney Winters and HR staff explained that guardrails were not possible administratively; the City does not have staffing or the ability to track stipend expenditures, but the code could state the intent.

The Committee discussed an appropriate amount for a health and wellness stipend. Considering the \$4,000 annual deductible cost for a family insurance plan and the annual HRA amount provided to part-time City employees, they decided \$3,000 annually would be a reasonable and beneficial amount. All Members reached consensus on (1) providing Councilors the option to elect health insurance for themselves and dependents under a 90/10 cost share, and (2) providing a \$3,000 health and wellness stipend to all Councilors, in addition to their standard compensation stipends. The group reasoned these benefits would be attractive and feasible for Council members.

The Committee again discussed the primary stipends to be paid to the Mayor and Councilors. Using a cost-impact spreadsheet prepared by the City Attorney and Finance Department, they agreed an annual stipend of \$50,000 for the Mayor would be appropriate, given that (a) the amount is reflective of the 2023 AMI for a family of four for the Bend-Redmond area (\$95,300), (b) the amount is consistent with the average stipends paid to Mayors in other Oregon and Washington cities comparable in size to Bend, and (c) it is equal to 40% of the annual salary paid to Deschutes County Commissioners, who have similar duties to Council members. Next, the Committee addressed the stipend amount for Councilors. Considering the scope of Councilors' duties and time commitments, the Committee unanimously agreed to set the stipend in an amount equal to 60% of that recommended for the Mayor, or \$30,000 ($\$50,000 \times 60\% = \$30,000$). Considering the 2023 AMI for a family of four for the Bend-Redmond area, as well as the average stipend amounts paid to Councilors in similarly-sized Oregon and Washington cities, the Committee agreed \$30,000 would be an appropriate and valuable stipend for Councilors.

Using the cost-impact spreadsheet, the Committee examined the total value of their prospective recommendations for the Mayor and Councilors. Members discussed the combined value of (a) the primary stipend, (b) the health insurance package, and (b) the health and wellness stipend, which resulted in a \$71,317 annual value for the Mayor, and a \$51,317 annual value for Councilors. All Members agreed on these values and the base recommendations, and Vice-Chair Capozzi noted that especially from the point of view of a disadvantaged Council candidate, this would be a good, encouraging compensation package.

Together, Committee Members developed a Motion to incorporate their recommendations:

I move to recommend that the Council adopt an ordinance amending Section 1.10.040 of the Bend Municipal Code to provide that Councilors shall be paid a monthly stipend of \$2,500.00 and the Mayor shall be paid a monthly stipend of \$4,166.67, each figure to be adjusted annually beginning January 2026, based on the Consumer Price Index for All Urban Consumers (CPI-U) for the West Region published by the U.S. Bureau of Labor Statistics for the twelve (12) month period ending in the month for which the most recent CPI-U results are available as of January 1. The Mayor and Councilors shall have the option to elect health and dental benefits under the City's plan for themselves and their dependents at a 90/10 contribution rate. In addition, the Mayor and Councilors shall be paid an annual health and wellness stipend in the amount of \$3,000. No other benefits (such as retirement benefits) are provided to the Mayor or Councilors. Upon adoption of the ordinance, the stipend increase, the provision of benefits, and the provision of the health and wellness stipend will take effect for existing elected seats after an intervening election.

Member Cardwell asked, and the group confirmed, that the \$3,000 annual health and wellness stipend would not be adjusted annually. Member Austin introduced the Motion. All Members voted in favor:

- 1) Chair Stiegler – Aye
- 2) Vice-Chair Capozzi – Aye
- 3) Member Austin – Aye
- 4) Member Cannon-Miller – Aye
- 5) Member Cardwell – Aye
- 6) Member Kline – Aye
- 7) Member Simmons – Aye
- 8) Member Sehgal – Aye
- 9) Member Schoen – Aye

Vice-Chair Capozzi introduced a draft Op Ed he proposed to submit to the press following the City Council's prospective adoption of the recommendation, on behalf of the whole Committee. Committee Members discussed suggested edits. City Attorney Winters directed the group to email their edits to Vice-Chair Capozzi, copying only staff. City Attorney Winters also noted that Vice Chair

Capozzi and Chair Stiegler would present the Committee's recommendation to the City Council at a Work Session with legal and HR staff.

6. Committee Discussion: Policy Bases for Recommendation for Ordinance Findings

To incorporate into the Ordinance findings underlying their recommendation, the Committee further articulated the rationale for their recommendation. Member Austin led the discussion and Members agreed that the Committee's recommendation was based on careful consideration of the following:

- 2023 AMI for a family of four for the Bend-Redmond area (\$95,300).
- Council stipend and health insurance data from comparable cities in Oregon and Washington.
- The average number of hours devoted by the Mayor and Councilors to their duties.
- The increasing complexity of the role of Councilors and the Mayor in Bend.
- The amount paid to other local electeds in Central Oregon, as they are elected officials with duties comparable to those of Council members.

Collectively, the Committee Members emphasized that they examined a broad amount of data and information to reach their final recommendation. They agreed the recommendation was well-informed and designed to achieve the Committee's policy objectives of encouraging a broader diversity of individuals to serve on the City Council by 1) reducing barriers to participation and 2) making service on the Council financially feasible.

7. Adjourned at 3:35 PM