

# City Council Issue Summary

**Subject:** Ordinance amending Bend Municipal Code Chapter 1.10.040, Council Member and Mayor Compensation

**Staff Member, Department:** Mary Alice Winters, City Attorney's Office; Brooke Olsen, City Attorney's Office

**Meeting Date:** 5/1/2024

## Action(s) Required:

- |                                                |                                                             |                                         |
|------------------------------------------------|-------------------------------------------------------------|-----------------------------------------|
| <input type="checkbox"/> Consent Agenda        | <input checked="" type="checkbox"/> Ordinance First Reading | <input type="checkbox"/> Public Hearing |
| <input type="checkbox"/> Information/Direction | <input type="checkbox"/> Ordinance Second Reading           | <input type="checkbox"/> Resolution     |
| <input checked="" type="checkbox"/> Motion     |                                                             |                                         |

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## Recommended Motion:

On first reading: I move for the first reading of an ordinance amending Bend Municipal Code Chapter 1.10.040, Council Member and Mayor Compensation.

On second reading: I move for a second reading and adoption by roll call vote an ordinance amending Bend Municipal Code Chapter 1.10.040, Council Member and Mayor Compensation.

## Issue / Council Decision & Discussion Points:

- Council member and mayor compensation is set by Bend Municipal Code (BMC) Chapter 1.10.040, which provides that council members shall be paid a stipend of 10% of area median income (AMI) and the mayor shall be paid 20% of AMI.
- BMC Chapter 1.10.040 further provides that no other benefits (such as health or retirement benefits) are provided, and the stipend amounts adjust every two years based on any revision to AMI for the current fiscal year. Under this formula, the 2023/2024 stipend for council members is \$814.17/month (\$9,770.04 annually) for council members, and \$1,628.34/month (\$19,540.08 annually) for the mayor.



- The proposed ordinance, which reflects the recommendations of an independent advisory committee formed by Council, amends BMC Chapter 1.10.040 to establish increased stipend amounts of \$2,500/month (\$30,000 annually) for council members and \$4,166.67/month (\$50,000 annually) for the mayor, establish a new annual stipend adjustment formula based on the consumer price index (CPI), provide an annual \$3,000 health and wellness stipend to council members and the mayor, and provide council members and the mayor the option to elect health insurance coverage under the City’s plan for themselves and dependents. It does not establish any other benefits.
- The proposed ordinance is consistent with the 2022-23 Council Goal of Accessible and Effective City Government, which generally includes removing barriers to participation in City government.

## **Background:**

In May 2018, the voters passed a ballot measure removing council member compensation from the Bend Charter and providing instead that compensation would be set by ordinance, based on the recommendation of an independent advisory committee appointed by the mayor with the consent of the City Council. (Bend Charter Section 13, Compensation). With the passage of the ballot measure, an ordinance setting council member and mayor compensation took effect (Ordinance NS-2306). That ordinance is codified in BMC Chapter 1.10.040.

BMC Chapter 1.10.040 directs the City Council to appoint an independent advisory committee every five years, starting in 2023, to review and reevaluate council compensation and consider the committee’s recommendation, if any, to be implemented after the next election cycle. Acting pursuant to that direction, on August 16, 2023 by Resolution 3344, Council formed the Council Compensation Review Committee (the “Committee”). Resolution 3344 directed the Committee to consider and recommend an increase in the stipend paid to the council members and mayor, and also to consider providing them health insurance benefits or an alternative.

The Committee met four times between October 2023 and January 2024, and made a recommendation at the April 17, 2024 Council work session. Taking a heavily data-driven approach, the Committee reviewed council compensation and benefit information from 14 other Oregon cities and several Washington cities, data on the average number of hours devoted by the mayor and council members to their duties, information about their duties generally, and information about the City’s health insurance plan.

For its stipend increase recommendation, the Committee recommended that council members be paid a monthly stipend of \$2,500 (\$30,000 annually), and the mayor be paid a monthly stipend of \$4,166.67 (\$50,000 annually). The Committee recommended that, to keep the stipends current with costs of living, each figure should be adjusted annually beginning January 2026 based on CPI-U for the West Region, all items, 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 each year. The Committee’s rationale for the recommended stipend amounts was that the amounts are relatively reflective of the 2023 AMI for a family of



four for the Bend-Redmond area, and are consistent with the average stipends paid to mayors and councilors in other Oregon and Washington cities similar in size to Bend. The Committee also considered the amounts paid to other local elected officials in Central Oregon, as they are elected officials with duties comparable to those of councilors. Regarding the different stipend amounts recommended for the mayor and council members, after considering their respective duties and time commitments, the Committee reasoned that measuring council members' stipends as 60% of the mayor's stipend would be appropriate.

Second, the Committee recommended providing council members and the mayor the option to elect health and dental benefits under the City's plan for themselves and their dependents at a 90/10 contribution rate. The rationale for the 90/10 rate is to make health insurance through the City's plan as affordable as possible for council. The Committee recommended the dependent coverage option to encourage a broader diversity of individuals to serve on council, such as parents with children. Through discussions with the City's HR Department, the Committee understood the health insurance election could be option only; if a councilor or the mayor chose not to elect coverage, there could be no alternative payment or benefit.

Finally, the Committee recommended providing an annual \$3,000 health and wellness stipend to the council members and mayor, regardless of whether they elect health insurance coverage. Given the high-deductible costs of the City's health insurance plan and the City's inability to provide HRAs to non-employees, the Committee desired to make participation in the plan feasible for councilors who elected to do so. The Committee determined \$3,000 annually would be an appropriate amount because the annual HRA amount for the City's part-time employees is \$2,800. Considering that figure, the Committee reasoned \$3,000 would be a fair and meaningful amount to help supplement the high deductible costs. The Committee further reasoned that providing the health and wellness stipend would be a flexible and useful resource for all councilors, regardless of whether they elected health insurance coverage, and would help achieve the objective of reducing barriers to participation on the City Council.

In reaching its recommendation, the Committee examined a broad amount of data and information, also recognizing that city elected officials are not employees of the city. The Committee sought to make a plan that would be mindful of the City's budget, recognize the time required to serve on the City Council, and would enhance the City's ability to attract diverse and talented elected officials in the future.

Council understands that a council member may not vote to set their own pay. Oregon law requires an intervening election so that the voters decide who is elected to receive the new stipend rate, health and wellness stipend, and health insurance option. At the time of voting on this proposed ordinance, council members understand that a potential conflict of interest should be declared for those who are eligible to run for another term and have any intention of doing so, or who may run for mayor. Council members will disclose that possibility or intention to run prior to voting on the proposed ordinance.



The Committee did not recommend providing any other benefits, such as retirement benefits, which have not been provided in the proposed ordinance.

### **Budget and Financial Impacts:**

Since the compensation and benefits established in the proposed ordinance cannot take effect until after an intervening election for each Council seat, the costs of each will be phased in over the next three years, taking full effect in 2027. Therefore, the proposed ordinance will have minimal impact on the 2023-25 biennial budget. Additionally, the Council budget is cost-allocated throughout all City departments, which means the costs of the compensation package established in the proposed Ordinance will not impact any one singular department or program. When the ordinance takes full effect in 2027, the City Council compensation costs will be approximately \$320,000 more than they are currently. The City will account for this accordingly in the 2025-2027 biennial budget.

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**Department Director Review:** Eric King

**Financial Review:** Samantha Nelson

**Legal Review:** Mary Winters

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### **Attachments:**

- Ordinance
  - Exhibit A, red lined code changes