

## ORDINANCE NO. NS-2497

### AN ORDINANCE AMENDING BEND MUNICIPAL CODE CHAPTER 1.10.040, COUNCIL MEMBER AND MAYOR COMPENSATION

#### Findings

A. In May 2018, the voters in Bend passed a ballot measure to remove Council member compensation from the Bend Charter and instead set compensation 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).

B. Bend Municipal Code Chapter 1.10.040 directs the City Council to appoint an 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. Bend Municipal Code Chapter 1.20.015(H) authorizes the City 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 a temporary committee.

C. On August 16, 2023 by Resolution No. 3344, the City Council formed the Council Compensation Review Committee ("Committee"), a temporary independent advisory committee, to consider and recommend and increase in the monthly stipend paid to Council members, and also to consider providing health insurance benefits, or an alternative, to Council members.

D. Representing a wide range of public sector and corporate/business experience, the Committee included a former City of Bend Councilor, a former Councilor from another city, a former Oregon state legislator, a Bend Parks and Recreation Board Member, the Director of the Deschutes County Historical Society, a Behavioral Health Social Worker, an individual currently employed by a health insurance company as a healthcare payer, and several individuals with HR and business experience. The Committee met four times between October 2023 and January 2024, and presented its recommendation with City staff to Council at the April 17, 2024 work session.

E. Taking a heavily data-driven approach, the Committee reviewed council member compensation and council health benefit information from other 14 other Oregon cities and several Washington cities similar to Bend in population. This review of information from other cities included an examination of stipend amounts paid to council members, methods used to calculate the stipend amounts, and the health insurance options made available to council members. The Committee also reviewed data on the average number of hours devoted by mayors (current and past) and councilors to their duties, as well as high level information about their duties generally. In addition, the Committee reviewed information about the City of Bend's health insurance plan, including the high-

deductible nature of the plan, the cost of the deductible, the amount of premium contributions from the insured and the City under different cost share ratios, services covered under the plan, and the scope of coverage for insureds and their dependents.

F. After discussion and debate, the Committee recommended that councilors be paid a monthly compensation stipend of \$2,500 (\$30,000 annually), and the mayor be paid a monthly compensation 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.

G. The Committee recommended that the mayor and councilors 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. The Committee also recommended the mayor and all councilors receive an annual \$3,000 health and wellness stipend, regardless of whether they elect health insurance coverage.

H. The Committee did not recommend providing any other benefits (such as retirement benefits).

I. As a rationale for its recommendation, the Committee believed that providing the recommended compensation package (compensation stipend, health insurance option, and health and wellness stipend) would achieve its policy objective of encouraging a broader diversity of individuals to serve on the City Council by reducing barriers to participation and making service on the Council more financially feasible, consistent with the 2023-25 Council Goal of Accessible and Effective City Government and the desire to reduce barriers to engagement. The Committee felt that the current pay is relatively low and can be an obstacle to achieving that goal; for example, single parents, people with two jobs, or even talented busy people at the peak of their careers, may not be able to afford participation. Another basis for the recommendation was the Committee's recognition that serving on the City Council has become increasingly time consuming and demanding, given the expansion and complexity of local issues and the need for engagement by the Bend mayor and councilors at the regional, state and federal levels. The Committee desired to provide meaningful compensation to Council members, and viewed the recommendation as correlating to the growth and increasingly complex issues facing the City of Bend.

J. The Committee's rationale for recommending the specific stipend amounts was that the amounts were relatively reflective of the 2023 AMI for a family of four for the Bend-Redmond area, and were consistent with the average stipends paid to mayors and councilors in other Oregon and Washington cities comparable in size to Bend. In addition to this data, the Committee considered the amounts paid to other local electeds in Central Oregon, as they are elected officials with duties comparable to those of

Council members. Regarding the different stipend amounts recommended for the mayor and councilors, after considering the scope of councilors' duties and time commitments compared to those of the mayor, the Committee reasoned that measuring councilors' stipends at 60% of the mayor's stipend would be appropriate.

K. The Committee recommended a 90/10 cost split for health insurance because it believed health insurance through the City's plan should be as affordable as possible for council members. The Committee's rationale for recommending a dependent coverage option for councilors was based on its policy objective of encouraging a broader diversity of individuals to serve on Council, such as parents with children. Based on discussions with the Human Resource Department, the health/dental care insurance is an option only; if the mayor or a councilor chooses not to elect coverage under the city's plan there is expressly no alternative payment or benefit.

L. The Committee's rationale for the recommended health and wellness stipend was that, given the high deductible costs of the City's health insurance plan and City's inability to provide HRAs to non-employees, it was important 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 of the City's health insurance plan. 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.

M. 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.

N. Council finds the Committee's findings to be well-reasoned and credible and agrees with the Committee's recommendation as an independent advisory committee.

O. Council understands that an elected official may not vote to set their own pay. Oregon law requires an intervening election (here, in 2024 or 2026 depending on the particular seat) so that the voters decide who is elected to receive a new rate of pay, stipend, and/or benefits. At the time of voting on this recommended compensation ordinance, Council members understand that a potential conflict of interest should be declared for those who are eligible to run for another term, or who may run for mayor. Council members will disclose that possibility or intention to run prior to voting on this recommended compensation ordinance.

P. The City and the Council do not intend this, or any subsequent change to council member compensation, to suggest that a position on the Bend City Council is a qualifying position for PERS purposes or any other qualifying position under state or federal law. Council members are not expected to perform a minimum number of hours of service in exchange for compensation and benefits.

**Based on these findings, THE CITY OF BEND ORDAINS AS FOLLOWS:**

Section 1. The provisions of Bend Municipal Code Chapter 1.10.040 are amended to read as shown on the attached Exhibit A.

Section 2. All other provisions of the Bend Municipal Code remain unchanged by this ordinance and remain in effect.

Section 3. If any provision, section, phrase, or word of this ordinance or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions that can be given effect without the invalid provision or application.

First Reading Date: May 1, 2024.

Second Reading and adopted by roll call vote on May 15, 2024.

YES:

Mayor Melanie Kebler  
Mayor Pro Tem Megan Perkins  
Councilor Barb Campbell  
Councilor Ariel Méndez  
Councilor Mike Riley  
Councilor Megan Norris

NO:

None

ABSTAIN:

Councilor Anthony Broadman



Melanie Kebler, Mayor

ATTEST:



Morgen Fry, City Recorder's Office

Approved as to form:



Mary Alice Winters, City Attorney

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## EXHIBIT A

### 1.10.040 Council Member and Mayor Compensation.<sup>4</sup>

A. Until the provisions in Section B of this Ordinance take effect in January 2025 for Council positions 1, 2, 3, and 4, and in January 2027 for Council positions 5, 6, and 7, Council members and the Mayor in those respective positions shall receive the following compensation:

1. Council members shall be paid a stipend of 10 percent of area median income (AMI) based on the HUD calculation method for FY 2017-2022 (U.S. 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 2017-2022, the rounded AMI for Bend-Redmond was \$64,00097,700. Based on this number, Council members shall be paid \$533.00814.17 per month, and the Mayor shall be paid \$1,066.628.34 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.

B. 2. This stipend amount will adjust automatically every two years beginning January 2021, after Council members take office, in January of odd-numbered years 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.

C. 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.

D. This section 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.

E. If the compensation ballot measure is approved by the voters, the effective date of the ordinance codified in this sectionThe provisions in this Section B shall take effect for Council members positions 1, 2, 3, and 4 (including the Mayor) elected following the election in November 2018-2024shall be when those members take the oath of office in January 2019-2025, or earlier if filled by appointment; and for Council positions and thereafter for Positions 5, 6, and 7. It is effective for Positions 1, 2, 3 and 4 following the election in November 2020-2026 (January 2021) when those members take the oath of office in January 2027, or earlier if filled by appointment. City staff are directed to take any steps necessary to implement the provisions of this sectionSection. If the ballot measure does not pass, this section shall not take effect.

1. Council members shall be paid a monthly stipend of \$2,500 and the Mayor shall be paid a monthly stipend of \$4,166.67. These stipend amounts for all council positions will adjust in January every year beginning January 2026, based on the Consumer Price Index for All Urban Consumers, All Items (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. City finance staff are directed to implement this change. As provided in the Bend Charter, Council members will continue to be reimbursed for expenses consistent with the plan for reimbursing City personnel expenses.

2. Council members and the Mayor shall have the option to elect medical and dental insurance coverage under the City's then-current plan for themselves and their dependents at a 90/10 contribution rate in accordance with the schedule and rules set by the provider of the City's then-current plan. No alternative benefit is available to a Council member or Mayor choosing not to elect such coverage.

3. Council members and the Mayor shall be paid a health and wellness stipend in the amount of \$3,000 annually.

4. No other benefits (such as retirement benefits) are provided to Council members or the Mayor.

C. tThe Council should reappoint an independent 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. [Ord. NS-2306, 2018]