



CIVIL SERVICE COMMISSION
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July 1, 2016

Lakewood City Council Members
Lakewood, Ohio 44107

RE: Recommendation for Council Members and Mayor Salaries

Dear Council Members:

The Second Amended Charter of the City of Lakewood, Article XI, Section 7 requires that the Civil Service Commission make a report setting forth its recommendations for salary and other compensation for the members of council and the mayor on or before the 1st of July in each even-numbered year. Pursuant to that mandate, the Commission issues the following report and recommendations. The report is presented in four sections; the process used in developing our recommendation, our observations and recommendation for the mayor's salary and other compensation, our observations and recommendation for council member's salary and other compensation, and our administrative recommendation.

Process

Over the past couple of months, the Commission gathered, reviewed and analyzed various sources of objective data compiled from other cities of similar size in the Greater Cleveland area. Our review also included the previous years' recommendations that have been submitted to Council for consideration. Given the on-going change in health care coverage and escalating costs over the last number of years, the Commission included in its review the current health-care plans and corresponding costs that the City of Lakewood (City) is offering to all of its eligible employees, including members of council. In this process, for both the mayor and members of council, the Commission evaluated and compared salaries, including all benefits offered by the City, to the information received from the other cities that were included in the survey conducted earlier this year. It should be noted that specific attention was given to those cities with populations and budgets similar to the City. Included in the appendix of this

report are the following documents used by the Commission. Given the changes in the members of council over the last couple of years, the Commission thought it would be helpful to provide the previous recommendations that have been made by this Commission, dating back to 2006.

The list of documents that are included in the appendix:

- 2016, 2014, 2010, 2008 Salary Survey / Council
- 2016, 2014, 2010, 2008 Salary Survey / Mayor/City Manager/Safety Director
- Recommendations for 2014, 2012, 2010, 2008, and 2006

Mayor

Summary of observations:

- Current salary is \$100,000 per year plus benefits, effective 1/1/2016 (per Ordinance No. 109-10, 2/7/11).
- Per the 2016 Salary Survey:
 - All cities offer benefits, from a full range of health-care benefits to a city car
 - A total of eleven cities were included in the survey
 - one of the eleven cities surveyed employs both a mayor and a city manager
 - one of the cities surveyed employs a city manager instead of a mayor
 - In five of the eleven cities surveyed, in addition to a mayor, the city also employs a safety director, with a salary ranging from \$5,000 to \$117,000
 - The salaries range from \$81,500 to \$149,700 for mayor and \$161,162 for city manager
 - In all but two of the eleven cities, the mayoral salary increased since the 2014 survey; the increases ranged from approximately 4% to 16%
- The Commission believes it noteworthy that our mayor also serves as safety director. As stated above, in a number of the surveyed cities there is a separate safety director position, often at a significant salary.
- With the exception of the city of Euclid, those surveyed cities with comparable population size to Lakewood either pay their mayors a considerably higher salary or have a safety director - or both.
- The increasing demands in recent years of managing the size, complexity and fiscal constraints of the City requires the skills and judgment to insure the overall satiability of our community and be prepared to meet the future challenges.
- The Commission continues to believe that to attract the best candidates, the City needs to provide a total compensation package commensurate with the scope of responsibilities and time commitment required.

Recommendation for the Mayor

In 2014, the Commission recommended that the mayor's salary be in the range of \$105,000 to \$110,000 plus benefits as of 1/1/2015 and in the range of \$110,000 to \$115,000 as of 1/1/2016. However, as of January 1, 2016, the current salary is at \$100,000. In light of significant increases in mayoral salaries in nearby cities of comparable size, the Commission does not believe this is a competitive or appropriate salary for Lakewood's mayor.

For instance, Cuyahoga Falls, contiguous to Akron, has a population very comparable to that of Lakewood. As in Lakewood, the mayor serves as safety director. Thanks to an 8% increase since our survey in 2014, the mayoral salary for Cuyahoga Falls is now \$121,575, which, of course, is more than \$21,000 higher than the salary for the mayor of Lakewood. Westlake, another nearby – and less populous - community in which the mayor also serves as safety director, pays its mayor \$148,000, 10% more than in 2014.

These comparisons lead to the conclusion that the salary for the position of mayor of Lakewood should be significantly increased. It is important to note that we are not speaking of a particular person; we are addressing the position. Pursuant to the current Charter as well as the current version of the proposed Charter (as will be more fully discussed below), the salary of the current Mayor cannot be increased during the current term. In order to assure that the City can attract the most competent people to the most important position in our city, the mayoral salary needs to be commensurate with the level of talent, expertise and commitment required.

Thus, the Commission recommends that the salary for mayor be set in the range of \$120,000 to \$125,000 plus benefits as of January 1, 2020. While this salary will almost assuredly continue to be less than the salaries of mayors of other comparable cities, which are likely to increase their mayoral salaries if recent trends are indicative, at least we will be closer to the market value for what is arguably the most important position in the City of Lakewood.

There is still a need to provide an appropriate, ongoing and predictable increase in the mayoral salary, which is addressed as an "Administrative Recommendation" below.

Members of Council

Summary of observations:

- The salary of council members is currently \$13,000 for ward council members (per Ordinance No. 38-14, 12/15/14) and \$7,000 for at-large council members. However, the salary for the latter will also rise to \$13,000 as of January 1, 2018 (per Ordinance No. 38-14).
- Health care benefits are offered to members of council
- Per the 2016 Salary Survey:
 - A total of 11 cities were included in the survey

- The salaries range from \$8,466 to \$20,540
- Of those cities with comparable population the salary range is from \$11,000 to \$18,841
- The majority of cities provide a slightly higher salary for the council president
- Five of the cities for which we have data increased the salary for council members since 2014, five did not.
- Approximately half of the cities offered benefits to council members.
- The increasing cost of health care benefits, specifically medical, has added to the total value of compensation being received by those members of council who have elected to participate in the City's health insurance program
- The increasing demands in recent years related to the social needs, complexity and fiscal constraints of the City requires the skills and judgment to insure the overall sustainability of our community and be prepared to meet the future challenges.
- The Commission continues to believe that to attract the best candidates, the City needs to provide a total compensation package commensurate with the scope of responsibilities and time commitment required.

Recommendation for Council Members

Based upon our review of the compensation information referred to above and the stated observations along with consideration of the City fiscal resources, the Commission recommends no change in the salary for members of council beyond the already scheduled increase for at-large members. However, just as for the mayoral salary, the Commission strongly believes there needs to be a mechanism for a regularly scheduled, predictable increase in salary for members of council. That need is discussed further below.

Administrative Recommendation

Based upon the Commission's experience with the current process of conducting a survey every two years, the amount of time and effort that is consumed, the importance of providing reasonable compensation for elected officials, and the understandable reluctance of elected officials to vote themselves a salary increase (evidenced by the fact that salary for council members had not changed from 1982 to 2016) the Commission continues to believe that there is a need for a more effective and efficient method of setting and adjusting salaries for elected officials. As was suggested in the Commission's 2010 and 2014 reports, the salaries of both the mayor and the members of council should be adjusted annually pursuant to some administrative mechanism.

The benefit of such a system of administrative adjustments is that the City would not be faced with the situation presented over the past decade or so: every two years we have seen that because of the current cumbersome process for evaluating and adjusting salaries, the salaries of Lakewood's elected officials are usually not in line with those of other similar municipalities.

Then the Commission and Council engage in an effort to bring the salaries in line, but are continually playing catch-up.

Accomplishing such annual adjustments, however, is problematic under both the current Charter and the proposed Third Amended Charter submitted by the Charter Review Commission, that may be voted on this coming November. Both documents provide that there can be no change in the salary for the mayor or for members of council that would take effect during their respective current terms. In other words, the salary in effect at the beginning of a mayor's or council member's term will remain the same throughout their four-year term. Thus, in the normal course of events, at the end of that four-year term, the salary will be too low since the incremental increases that many, if not most, City workers receive cannot be realized by these important officials.

The Commission has discussed two possible ways to resolve this issue. One is to simply eliminate the language regarding the timing of a salary change altogether. Another is to define the administrative adjustments in the Charter and make provision for those salary adjustments only to be allowed during an official's term. After consultation with the Law Director, the Commission came to the conclusion that the former method would be clearer and more efficient.

If a system calling for an annual administrative adjustment is adopted, there remains the question of how to determine the particular adjustment. The Commission has investigated ways in which other cities make such adjustments. One method is to simply settle on a percentage of increase at the beginning of the term, which seems to call for predicting what will be appropriate. Alternatively, a number of cities tie adjustments to collective bargaining agreements. The latter method would seem to be more accurately linked to such factors as the City's financial condition and other market factors.

In addition to the proposed annual salary adjustment, the proposed Third Amended Charter calls for the Commission to undertake a review and report to council every four years instead of two. If provision is made for annual administrative adjustments, that seems a sound suggestion. However, the timing of the four-year review called for in the proposed Third Amended Charter, i.e., during the year of a presidential election, would potentially result in a changes in the base salaries during the terms of the officials involved. It seems a better practice to have the base salaries set before candidates for the elected positions file petitions to run for office. Thus, the Commission recommends that the review and report process called for in the proposed Third Amended Charter take place early in the year of a mayoral election, so that any adjustments to salaries be settled prior to candidate filings. It should be noted that some of the other cities we consulted have similar deadlines for setting salaries.

With the assistance of the Law Director, the Commission has suggested some changes to the proposed Third Amended Charter so that Council can better understand our recommendation. Those possible changes are attached. Also, the Commission is aware that there is some time pressure, so the attached can perhaps serve as a starting point.

As always, the Commission is available to answer any questions at your request. In addition, the Commission would be more than willing to work with Council and/or members of the Charter Review Commission on this matter.

Respectfully,
Lakewood Civil Service Commission

By: _____
Kenneth Haber, President

By: _____
Joseph Gibbons, Commissioner

By: _____
Kenneth Kowalski, Commissioner