

Local Officials Compensation Commission 2015 FEB 12 P 3: 57

February 5, 2015

Ms. Kathleen Buda  
City Clerk  
City of Dearborn  
Dearborn, MI 48126

RE: Compensation Determinations for Years 2015 and 2016

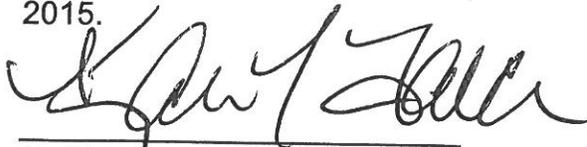
Dear Madam Clerk:

The City Charter of the City of Dearborn, adopted by the voters on November 6, 2007, continued the Local Officials Compensation Commission ("LOCC"), which functions in accordance with Public Act No. 8 of the Michigan Public Acts of 1972, as amended.

Attached is the Determination of Compensation for Dearborn's elected officials for years 2015 and 2016 for the following elected officers:

Mayor  
City Clerk  
City Council President  
City Council Member

These determinations were adopted in our final meeting held on February 5, 2015.



Karl L. Fava  
Chairman



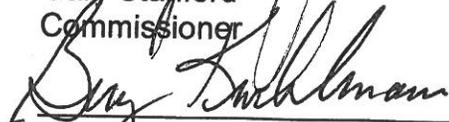
Andrew A. Mazzara  
Vice Chairman



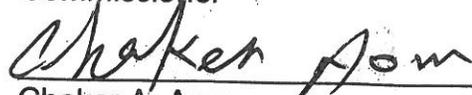
Lesley Wenban  
Commissioner



Gary Stafford  
Commissioner



Gary Kuhlmann  
Commissioner



Chaker A. Aoun  
Commissioner

# LOCAL OFFICIALS COMPENSATION COMMISSION

## RESOLUTION

Offered by Commissioner Mazzara, Supported by Commissioner Wenban

WHEREAS: The Dearborn Local Officials Compensation Commission has held three (3) meetings since January 8, 2015 in order to review, analyze and determine the compensation of elected City officials, and

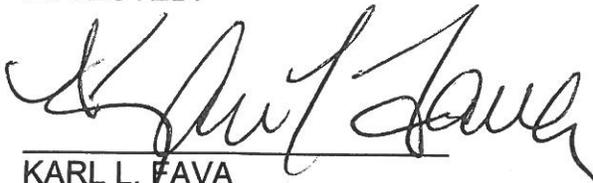
WHEREAS: The Commission has prepared a report which contains its determinations for the compensation of elected City officials for 2015 and 2016; now, therefore, be it

RESOLVED: That the Commission hereby approves, adopts and incorporates by reference the Compensation Determinations for Mayor, City Clerk, City Councilmembers, and the City Council President set forth in the attached report; be it further

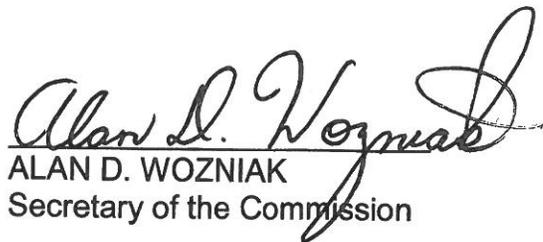
RESOLVED: That the report be transmitted to the City Clerk in accordance with Public Act No. 8 of the Michigan Public Acts of 1972.

**The resolution was unanimously adopted.**

ATTESTED:



KARL L. FAVA  
Chairman of the Commission



ALAN D. WOZNIAK  
Secretary of the Commission

January 1, 2015  
Effective date

# City of Dearborn



2015

Report of the

Local Officials Compensation Commission

Local Officials Compensation Commission

Commissioners – 2015

Karl L. Fava, CPA, Chairman  
Term Expires (1/19/2021)

Andrew A. Mazzara, PhD., Vice-Chair  
Term Expires (1/19/2022)

Chaker A. Aoun  
Term Expires (1/19/2016)

Gary Kuhlmann  
Term Expires (1/19/2018)

Gary Stanford  
Term Expires (1/19/2019)

Lesley Wenban  
Term Expires (1/19/2017)

## **BACKGROUND**

The Home Rule City Act, MCLA §117.5c, describes the creation of a Local Officials Compensation Commission ("LOCC") which shall "determine the salaries of each local elected official. The Commission shall consist of 5 members in a city of 20,000 population or less and 7 members in a city of over 20,000 population. The members shall be registered electors of the city, appointed by the mayor subject to confirmation by a majority of the members elected and serving in the legislative body."

The Act prescribed specific parameters for the LOCC in addition to the number of commissioners. MCLA §117.5c provides that the commissioners have staggered terms. It also requires the LOCC to make its determination within 45 calendar days of its first meeting. However, the LOCC may not meet more than 15 days in each odd numbered year.

On November 6, 2007, the voters of the City of Dearborn adopted a revised City Charter that continues the LOCC, which operates in accordance with Public Act No. 8 of the Michigan Public Acts of 1972, as amended by MCL §117.5c.

The Mayor appoints seven Dearborn residents to serve as commissioners on the LOCC. The individuals are property owners and registered electors of Dearborn who represent a broad spectrum of the electorate. The Mayor recommended these seven individuals to the City Council, which in turn unanimously confirmed the appointments. However, this year a vacancy was created shortly before the LOCC's first meeting, due the resignation of John Tobin.

## METHODOLOGY

The Local Officials Compensation Commission ("LOCC") meets every two years. Its first public meeting in 2015 was held on Thursday, January 8, 2015 in the conference room of the Dearborn Administrative Center. According to state law, the LOCC has 45 days to conclude its research and deliberations and provide its report to the City Clerk. Therefore, the LOCC's determinations had to be concluded by February 20, 2015.

The content of the initial meeting follows:

- Debra Walling, Corporation Counsel, provided an overview of LOCC law and a spreadsheet of all of the past LOCC Determinations.
- Alan Wozniak, Human Resources Director, provided salary surveys compiled in 2014 by the Conference of Western Wayne and the Michigan Municipal League.
- James O'Connor, Finance Director, provided the Commission with wage and budget information and data concerning the City's financial condition.
- The LOCC discussed comparable city data and proposed a list of comparable cities to be used in a survey request. Seven Michigan cities were subsequently selected as comparables for purposes of the salary/benefit survey based on being within 20% (plus or minus) Dearborn's population according to the last census: Farmington Hills, Troy, Westland, Ann Arbor, Livonia, Lansing, and Flint.

The LOCC also discussed past practices and the compensation recommendations made in the past. An update to the summary of prior LOCC recommendations was reviewed.

The LOCC divided itself into two subcommittees. The first subcommittee chaired by Andrew Mazzara reviewed the Mayor's and City Clerk's compensation. Members of this committee were Andrew Mazzara and Gary Stanford. The second subcommittee was chaired by Lesley Wenban and reviewed the Councilmembers' and Council President's compensation. Members of that subcommittee were Gary Kuhlmann and Chaker Aoun. LOCC Chairperson, Karl Fava, worked individually with each subcommittee. The subcommittees were responsible for the following:

- Collecting information and data appropriate to complete the required analyses.
- Analyzing data and providing rationale supporting the determinations.

- Conducting meetings to finalize the individual determinations prior to publication and filing of the 2015-16 LOCC Report with the City Clerk.

Lesley Wenban, as Chair of the subcommittee working on the Council and Council President compensation, along with Gary Kuhlman, met with Council President, Susan Dabaja, on January 20, 2015, in an effort to obtain information as to current compensation issues, matters, problems, etc. Wenban, Kuhlmann, and Fava also met with Councilmember Robert Abraham on January 17, 2015, to obtain information as to current compensation and matters that the Council may need to address with the LOCC.

The subcommittee considered the following in its recommendation:

- The scope of work and the job requirements for the positions under review
- The extent to which the compensation strategy impacts the City's ability to attract qualified candidates to run for election to City Council
- The pay and pay practices of other cities that are deemed reasonably comparable to Dearborn, based on criteria established during negotiation, earlier Commission analyses, and demographic factors
- The total compensation package, including base pay and per meeting stipends, and the impact of the pay practices on the business operations of the City and the City Council
- The financial capacity of the City of Dearborn to meet current and future cost obligations; and
- The impact of the LOCC decisions on the citizens of Dearborn
- Compensation concessions being made by general City employees

Andrew Mazzara, Chair of the subcommittee working on the Mayor and City Clerk compensation, met with City Clerk, Kathleen Buda, on January 12, 2015. Subcommittee member Gary Stanford, along with LOCC Chairman Fava met with Mayor, Jack O'Reilly, Jr., on January 16, 2015. The meetings were an effort to obtain information as to current compensation issues, matters, problems, etc.

The subcommittee also considered the following in its determination:

- Changes in the Consumer Price Index (CPI) from 2005 to present.
- Compensation changes for Fire Department, Police Department, and General City employees from 2005 to present.
- Annual salaries for City Department Heads and their deputies as of December 31, 2014.
- Compensation Comparables for Elected Officials published by the Michigan Municipal League.
- International Institute of Municipal Clerks Salary Survey, 2014.
- City Charter of Dearborn as adopted November 6, 2007.

- LOCC Compensation Survey of Elected Officials in Comparable Michigan Cities, 2015.
- Conference of Western Wayne Municipal Compensation Salary Survey by Job, 2014.
- Current City of Dearborn general fund information and compensation reports requested of Jim O'Connor, Dearborn Finance Director.

The LOCC conducted its second meeting on Thursday, January 22, 2015 to discuss findings of the subcommittees to date and strategize on the process going forward. Additional compensation information was needed from some of the comparable cities. The LOCC met again on February 5, 2015 to consider and discuss that information, to discuss final recommendations for each of the elected offices, and agreed to the Determinations for 2015 and 2016.

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## **DETERMINATIONS**

For several years, it has been noted by the LOCC that the compensation for the positions of Dearborn Mayor and City Clerk are near or at the lowest among comparable cities. Economic conditions during the past 10 years prohibited compensation increases necessary to keep pace. Economic conditions have stabilized for our city and region from prior years, thereby permitting the LOCC to give salary increases for the Mayor and City Clerk and a meeting stipend increase for the City Council. The increases specified in these determinations would place salaries for the Dearborn Mayor and City Clerk at about the average for similar positions among comparable cities.

The LOCC, upon serious and lengthy deliberation, cognizant of the current and future financial realities of the City, recent compensation concessions by City employees, the time commitment of elected officials, compensation paid by comparable cities, and the efficiencies required of the City operations, recommends the following:

### **MAYOR**

- Salary:
  - \$137,690 beginning January 1, 2015
  - \$144,575 beginning January 1, 2016
  
- General Benefit Programs (receive the same as general employee benefits unless specified otherwise) as follows:
  - Dental (no cost sharing)
  - Vision (no cost sharing)
  - Medical (city pays 80% of the cost for the primary plan, currently HAP HMO; employee pays 20%, plus 100% of the incremental cost of higher cost plans)
  - Paid Time Off Program
  - 13 paid Holidays, or as revised and consistent with a majority of the general employees
  - Life Insurance at one times salary
  - Cafeteria Plan participation, employee elected and paid voluntary options as available
  - Optional participation in the Deferred Compensation 457 Plan (100% employee contribution only)

- Grandfathered Programs:
  - Optional annual conversion of residual closed sick leave bank up to 10 days per year during the annual benefits open enrollment on a 2 sick days for 1 PTO day basis.
  - Closed sick leave bank 50% cash out at retirement (50% of 130 days max)
  - Chapter 22 Defined Benefit (DB) Plan with non-refundable pretax contribution of 4%.
  
- Future Mayor Benefit Programs:
  - Non-grandfathered 'General Benefit Programs' are the same
  - Grandfathered programs are discontinued as indicated in the 2011 LOCC Determinations.
  - Add long-term disability insurance
  - Add Defined Contribution Plan with contributions consistent with the attached inclusive of the July 1, 2015 contribution amendment.
  - Add Retiree Medical Savings Account (RMSA) with employee/employer contributions consistent with the general employee program.

### CITY CLERK

- Salary:
  - \$76,183 beginning January 1, 2015
  - \$79,992 beginning January 1, 2016
  - The salary increases specified here are predicated on the City Clerk participating in the Chapter 22 Defined Benefit Plan with a non-refundable pretax employee contribution of 4%, effective with the first full pay period following acceptance of these determinations.
  
- General Benefit Programs (receive the same as general employee benefits unless specified otherwise) as follows:
  - Dental (no cost sharing).
  - Vision (no cost sharing).
  - Medical (city pays 80% of the cost for the primary plan, currently HAP HMO; employee pays 20%, plus 100% of the incremental cost of higher cost plans).
  - Paid Time Off Program.
  - 13 paid Holidays, or as revised and consistent with a majority of the general employees.
  - Life Insurance at one times salary.

- Cafeteria Plan participation, employee elected and paid voluntary options as available.
- Optional participation in the Deferred Compensation 457 Plan (100% employee contribution only).
- Grandfathered Programs:
  - Optional annual conversion of residual closed sick leave bank up to 10 days per year during the annual benefits open enrollment on a 2 sick days for 1 PTO day basis.
  - Closed sick leave bank 50% cash out at retirement (50% of 130 days max).
  - Chapter 22 Defined Benefit (DB) Plan with attached enhancement and with non-refundable pretax contribution of 4%, effective with the first full pay period following acceptance of these determinations.
- Future City Clerk Benefit Programs:
  - Non-grandfathered “General Benefit Programs” are the same.
  - Grandfathered programs are discontinued as indicated in the 2011 LOCC Determinations.
  - Add long-term disability insurance.
  - Add Defined Contribution Plan with contributions consistent with the attached inclusive of the July 1, 2015 contribution amendment.
  - Add Retiree Medical Savings Account (RMSA) with employee/employer contributions consistent with the general employee program.

### CITY COUNCIL

- Salary:
  - No change to the base salary (\$17,267) for Council President beginning January 1, 2015.
  - No change to the base salary (\$14,409) for Councilmembers beginning January 1, 2015.
- Stipend Pay:
  - \$100 per meeting will be paid for up to 70 meetings per calendar year.
  - A meeting for which a stipend is to be received shall be defined as the physical assembly of councilmembers gathering together at a specific location at a publicly-announced time for conducting City business. Participation in conference calls, call-

in's and other means of electronic communication, while necessary on occasion, shall not qualify for stipend pay.

- General Benefit Programs (receive the same as general employee benefits unless specified otherwise) as follows:
  - Optional enrollment to the Dental, Vision, and Medical Plans. 100% employee contribution only.
  - Optional participation in the Deferred Compensation 457 Plan. 100% employee contribution only.
  - No participation in any other benefit programs unless specifically determined by the LOCC.
  
- Grandfathered Programs:
  - Defined Contribution Plan with contributions consistent with the attached inclusive of the July 1, 2015 contribution amendment. This is only applicable to: Robert Abraham, David Bazy, Brian O'Donnell, and Thomas Tafelski, consistent with the 2011 LOCC Report.
  - Chapter 22 Closed Defined Benefit (DB) Plan with attached enhancement and with non-refundable pretax contribution of 4%. This is only applicable to: Mark Shooshanian.
  
- Future City Council Benefit Programs:
  - Grandfathered programs are discontinued. No Participation in the Defined Contribution or Defined Benefit Program per the 2013 LOCC Report and as determined in the 2011 LOCC Report and consistent with Council Resolution #3-112-11. Councilmember Bazy was considered a current Councilmember as his initial term started prior to the issuance of the 2011 LOCC report.

City of Dearborn  
Eligible City Council & Future Mayor and Clerk  
Defined Contribution

	Original Program			Current 1/1/2014			Effective 7/1/2015*		
	Employer	Employee	Total	Employer	Employee	Total	Employer	Employee	Total
<i>Mandatory</i>	4.00%	2.00%	6.00%	1.00%	2.00%	3.00%	1.00%	2.00%	3.00%
Matching	1.33%	1.00%	2.33%	0.50%	1.00%	1.50%	1.00%	1.00%	2.00%
Matching	1.33%	1.00%	2.33%	0.50%	1.00%	1.50%	1.00%	1.00%	2.00%
Matching	1.34%	1.00%	2.34%	0.50%	1.00%	1.50%	1.00%	1.00%	2.00%
Matching			0.00%	0.50%	1.00%	1.50%	1.00%	1.00%	2.00%
Matching			0.00%	0.50%	1.00%	1.50%	1.00%	1.00%	2.00%
Matching			0.00%	0.50%	1.00%	1.50%	1.00%	1.00%	2.00%
<b>Totals:</b>	<b>8.00%</b>	<b>5.00%</b>	<b>13.00%</b>	<b>4.00%</b>	<b>8.00%</b>	<b>12.00%</b>	<b>6.00%</b>	<b>7.00%</b>	<b>13.00%</b>

\* Applicable the first full pay period of fiscal year 2015-2016 and as authorized per labor contracts or agreements for eligible members.