



**Date:** September 23, 2021

**To:** Wanda S. Page, City Manager  
**Through:** John J. Allore, Interim Budget and Management Services Director  
**From:** Christina Riordan, Interim Assistant Budget and Management Services Director  
**Subject:** City Council Salary Adjustment

### **Executive Summary**

This report provides an update of the analysis provided to Council as part of the FY22 budget process. During this process, Council Member Freelon submitted a budget request to adjust City Council salaries to a full-time wage. Council set aside funding for the salary increases in the FY22 budget with the intention of re-visiting the issue during the fall of 2021 in order to make a decision on the salary increases by the December 6<sup>th</sup> Council meeting.

### **Motion**

To receive a report on salary adjustments for City Council.

### **Background**

During the FY22 budget process, Council Member Freelon submitted a budget request to increase City Council Members' salaries to a full-time wage. Initially, Council decided not to fund this initiative during the FY22 budget process but to delay implementation until after the 2023 election when all Council members had been through an election cycle. At the June 10<sup>th</sup> budget Work Session, Council Member Freelon asked fellow Council Members to reconsider the timing of this request and include it in the FY22 budget. Council placed funding for the salary increases in the FY22 budget under appropriations not authorized. At the time, Council did not vote to increase salaries but instead planned to gather more information, conduct a public hearing on the matter and vote on the request at the December 6<sup>th</sup> council meeting prior to newly elected members joining the Council.

During the discussion on June 10<sup>th</sup>, Council proposed several options for Council salaries including funding the full increase starting January 2022, increasing the salaries of new Council Members only and other Council salaries after the 2023 election or waiting to increase all salaries until after the 2023 election.

Budget and Management Services staff conducted an initial analysis of the request when it was first submitted in December 2020. BMS staff consulted with the Human Resources Department to determine a way to calculate the adjusted full-time wage. HR staff suggested that one option could be to use the City's Durham Minimum Livable Wage (DMLW). This is the current calculation used to determine budget for the adjustments. Other municipalities in North Carolina were also contacted to provide a comparison of salaries and benefits.

## Issues and Analysis

At the request of the Council, BMS staff have updated the original analysis. Staff did reach out to municipalities that were contacted during the first analysis and updated comparisons are provided.

Currently, Durham City Council Members receive an annual salary of \$25,378 and the Mayor receives a slightly higher salary of \$29,875. City Council are not within the City's Classification Plan and are classified as Elected Officials for the purposes of pay and compensation.

One option for adjusting Council's salaries is to use the City's Durham Minimum Livable Wage calculation. This calculation was used in the initial analysis. As of July 2021, the current DMLW rate is \$16.92/hour and a full-time annual salary (40 hours a week for 52 weeks) for Council Members would be \$35,200. The Mayor's annual salary under this scenario would be \$41,536. This calculation maintains the current 18% differential over the salary rate for Council Members. The total cost of this adjustment for the entire fiscal year would be \$78,876. If the adjustment is made in January, the total cost for FY22 would be \$39,438.

In addition to the adjusted salary amount, an annual adjustment review also needs to be determined. Currently, Council's salary rates are adjusted each fiscal year using the same budgeted percentage that is used for projecting employee's pay for performance increases. Council could continue this practice or tie their annual adjustment review to the annual setting of the minimum wage. If Council chooses to tie their annual adjustment to the DMLW, the current resolution governing Council's annual adjustments would need to be changed.

The following chart provides an updated comparison of salaries and benefits for neighboring City Council members. The Cities were chosen because of their proximity to Durham and Council Manager form of government. This analysis did not take additional factors into consideration such as constituent size, length of term, budget or size of council:

	Benefits							Salaries		
	Part-time	Full-time	Health	Cellphone	Car	Travel	Other	Council	Mayor	Mayor Pro Tem
<b>Concord</b>	X		X			X		\$ 10,441	\$ 17,899	\$ 11,659
<b>High Point</b>		X	X			X		\$ 10,800	\$ 15,000	
<b>Cary</b>	X		X	X		X		\$ 11,493	\$ 13,754	
<b>Wilmington</b>	X		X	X	X		Laptops	\$ 14,490	\$ 19,035	
<b>Fayetteville</b>	X		X			X	Communications stipend	\$ 18,312	\$ 33,494	\$ 18,312
<b>Raleigh</b>	X		X	X			car and technology allowance	\$ 18,563	\$ 25,287	\$ 21,038
<b>Winston Salem</b>	X		X	X	X		Expense allowance (travel and Marketing)	\$ 18,220	\$ 23,400	
<b>Greensboro<sup>1</sup></b>			X	X				\$ 23,377	\$ 30,475	\$ 23,947
<b>Durham</b>	X		X	X	X	X		<b>\$25,378</b>	<b>\$ 29,875</b>	
<b>Charlotte</b>	X		X	X	X		Tech and expense allowance, 457 plan	\$ 32,638	\$ 39,646	

<sup>1</sup>Classified as Elected Officials.

Currently, the City of Charlotte provides the highest salaries to City Council and Mayor among the 9 other cities surveyed. Charlotte recently increased Council salaries upon the recommendation of a resident committee. Some Cities were reluctant to classify Council compensation as either part-time or full-time and stated that their Council were classified as Elected Officials for pay and compensation, as they are in Durham.

Next Steps for consideration:

- Council could choose to adjust salaries using the DMLW rate, a budget of \$78,876 exists to accomplish this in FY22. This adjustment could be made immediately or at a future date to be determine by Council.
- If salaries are increased, a decision would need to be made about annual adjustments and changes to the current resolution if necessary.
- If Council chooses to adjust only some of the members' salaries or chooses to make the adjustment in a future year, the City Attorney's office would need to be consulted to determine if this is legally allowable.

**Alternatives**

City Council could choose not to move forward with the request and not adjust City Council salaries.

**Financial Impact**

Increasing Council salaries from their current rate to full-time would cost \$78,876 for the entire FY22 fiscal year. This cost includes the cost of salaries and any associated increases in benefits. If Council moves forward with increasing the salaries mid-year the cost would decrease accordingly. During the FY22 budget process, Staff, at the direction of Council, set aside funding for Council salary adjustments. If Council decides to move forward with the proposal as presented the funding would be made available and would have no further impact on the budget.

**Equal Business Opportunity Summary**

This item is a request for information from City Council. It was not reviewed by the Equity and Inclusion Department for compliance with the Ordinance to Promote Business Opportunity in City Contracting.

**Contractor Workforce Diversity & Hiring Practices**

Due to the nature of this agenda item, obtaining Contractor Workforce Diversity & Hiring Practices information is not applicable.