

Approved: March 11, 2015

Compensation Commission
Meeting Minutes
February 4, 2015
10:00 a.m.

Members Present

James Coyle, Norm Hampton, James Marrinan, and by conference call, Thomas McKenna who participated remotely.

Staff Present

Deputy City Clerk Brenda Bean and City Attorney Debra Daniel.

Convene

The meeting took place in Mayor Newton's Office, Rockville City Hall, 111 Maryland Avenue, Rockville, Maryland.

Chairman Coyle called the meeting to order at 10:12 a.m.

Discussion

The Commission members discussed the Mayor and Council's annual compensation. Highlights of the discussion included:

- Under the City's Charter and Code, the Mayor and Council do not appear to be considered employees of the City. There was a consensus among the Commissioners that the Mayor and Council should be analogous to a corporate part-time Board of Directors.
- The Commission discussed whether the Mayor and Council should be offered benefits (health & life insurance) and whether the Mayor and Councilmembers should be responsible for the premiums themselves.
- The Mayor and Council do not receive the full benefits that regular employees do. They don't receive vacation, sick leave, retirement, etc.
- The City Manager and City Attorney are considered employees and they receive W-2s. They also have employment contracts which set forth their eligibility for employee benefits.
- For federal tax purposes, the IRS classifies elected and appointed officials as employees of the government for whom the official serves. The City is responsible for withholding and paying federal income taxes, social security, and Medicare taxes and the Mayor and Councilmembers receive W-2s. The Commission thinks that it is important for transparency purposes to recognize that the City pays additional monies on behalf of the

Mayor and Council for federal tax purposes.

- There was consensus on the Commission that the Mayor and Councilmembers are not employees of the City and that the intent of the City's Charter and Code is that the Mayor and Council are not employees of the City. The Commission believes that the Mayor and Councilmembers are more like volunteers that receive compensation to offset the cost of volunteering.
- The current benefits received by the Mayor and Council are not inconsequential. If all members of the Mayor and Council availed themselves of full benefits, it would add up to about \$80,000 per year.
- The Commission discussed whether to increase compensation to include amount of cell phone stipends.
- Under Section 2-21. "annual compensation" and "annual stipend" are two different terms. The implication is that compensation is different than a stipend. Compensation can encompass more than just the stipend.
- The Mayor and Council decide who participates in the various conferences and travel opportunities. The Commission's report could include a recommendation that the Mayor and Council establish a policy for their own travel and reimbursement.
- There was consensus on the Commission that it would be important to identify in the report 1) what is "annual compensation;" 2) what are "reimbursements;" and 3) what exactly the stipend is for. The Commission agreed that this information would be helpful to future Commissions and Mayor and Councils.
- The Commission discussed whether there is sufficient justification to increase the base stipend. One way to approach it might be to increase their stipend to include the cost of benefits premiums.
- There was discussion on placing a limit in the City Code on what a Commission can recommend as an increase for any given term.
- In view of the new four-year terms of the Mayor and Council, there was discussion on whether the terms for Commissioners need to be longer. There was agreement that four year terms for the Compensation Commission is sufficient but that the language needs to be added that reflects that the terms are coinciding with the new election schedule of the Mayor and Council.

Next Meeting

The next meeting of the Commission will take place on February 12, 2015 at 10:00 a.m. Commissioners Hampton and McKenna will both have to participate by phone.

Public Hearing

The public hearing will take place on March 10, 2015 at 7:00 p.m.

Adjournment

There being no further business, the meeting adjourned at 11:50 a.m.

Motion: to adjourn.

Moved by Jim Marrinan, seconded by Norm Hampton and unanimously approved.