

**ORDINANCE NO. 773**

**AN ORDINANCE OF THE CITY OF UNIVERSITY PLACE, WASHINGTON, AMENDING AND RETITLING SECTION 3.20.040 OF THE UNIVERSITY PLACE MUNICIPAL CODE; RELATING TO SALARIES FOR COUNCIL MEMBERS**

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF UNIVERSITY PLACE, WASHINGTON, DO ORDAIN AS FOLLOWS:**

Section 1. Amending and Retitling Section 3.20.040 UPMC. Section 3.20.040 of the University Place Municipal Code titled, "Cost of Living Adjustments for Council Members," is retitled "Salaries for Council Members," and is amended to read as follows:

A. Except as provided in subsection (B), effective January 1, ~~2012~~ 2024, salaries for City Council Members who have been elected to or appointed to office on or after ~~November 8, 2011~~ November 7, 2023, shall be as follows:

Mayor	<del>\$1,688</del>	<u>\$2,080</u>	per month
Mayor Pro Tem	<del>\$1,520</del>	<u>\$1,926</u>	per month
Council Members	<del>\$1,408</del>	<u>\$1,783</u>	per month


B. (Note: Salaries for Council Members elected prior to ~~November 8, 2011~~ November 6, 2023 shall continue to be governed by Ordinance ~~454~~ 580.)

Section 2. Publication and Effective Date. A summary of this Ordinance consisting of its title shall be published in the official newspaper of the City. This Ordinance shall be effective five (5) days after publication.

**PASSED BY THE CITY COUNCIL ON OCTOBER 16, 2023.**

  
\_\_\_\_\_  
Steve Worthington, Mayor

**ATTEST:**

  
\_\_\_\_\_  
Emelita J. Genetia, City Clerk

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
Matthew S. Kaser, City Attorney

Publication Date: 10/18/23  
Effective Date: 10/23/23

**Business of the City Council  
City of University Place, WA**

**Proposed Council Action:**

Pass an Ordinance amending and retitling Section 3.20.040 of the City of University Place Municipal Code; relating to salaries for Council Members.

**Agenda No:** 9  
**Dept. Origin:** Human Resources  
**For Agenda of:** October 16, 2023  
**Exhibits:** Proposed Ordinance  
Memo, PPT

**Concurred by Mayor:** \_\_\_\_\_  
**Approved by City Manager:** \_\_\_\_\_  
**Approved as to Form by City Atty.:** \_\_\_\_\_  
**Approved by Finance Director:** \_\_\_\_\_  
**Approved by Dept. Head:** \_\_\_\_\_

Expenditure Required: \$38,000 (Estimate)	Amount Budgeted: \$0.00	Appropriation Required: \$38,000.00 (Estimate)
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**SUMMARY/POLICY ISSUES**

WAC 415-108-570 regulates the eligibility requirements for elected officials to earn service credits with Washington State Department of Retirement Systems (DRS) Public Employees' Retirement System (PERS). Elected officials may receive service credits when they are compensated in excess of ninety times the state hourly minimum wage in effect at the time their service was provided, and the number of service credits varies depending on the number of hours reported by the City. Membership once elected is irrevocable per WAC 415-208-550.

The Council Members were receiving service credits until January 1, 2023, when the compensation of \$1,408 fell below the PERS salary threshold of \$1,416.60. As a result, Council Members did not receive service credits for 2023. In 2024, the salary threshold will be \$1,465.20 with the prevailing minimum wage increasing from \$15.74 to \$16.28. What is before the Council is a consideration to increase Council salary to \$1,783 assuming a 4% inflation factor over the course of the next four years to meet the PERS service credit requirement.

**ALTERNATIVES CONSIDERED**

1. Make no changes to the Council salary. Current participating members will continue to contribute but will not receive any service credits unless the member is selected as Mayor or Mayor Pro Tem. The City will continue contributing for the members.
2. Consider raising the Council salary to \$1,783 and maintain an 8% differential in-between Mayor and Mayor Pro-Tem.
3. The Council may discuss the merits of a salary commission.

**MOTION**

**MOVE TO:** Pass an Ordinance amending and retitling Section 3.20.040 of the City of University Place Municipal Code; relating to salaries for Council Members.

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Emelita J. Genetia, City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Matthew S. Kaser, City Attorney

Publication Date: xx/xx/xx  
Effective Date: xx/xx/xx

# Memo

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**DATE:** October 16, 2023  
**TO:** City Council  
**FROM:** Bernadette Moreland, Human Resources Manager  
**SUBJECT:** Council Salary and Contribution to WA State Department of Retirement System under Public Employees Retirement System (PERS)

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## **Summary:**

State law authorizes the Washington State Department of Retirement Systems (DRS) to provide elected officials with service credit towards retirement under the Public Employees Retirement System (PERS). Service credits are earned for months during which the elected official receives a salary of at least ninety times the state hourly minimum wage (RCW 41.40.025(1); (WAC 415-18-570 (2)(a))). In January 2023, the Washington prevailing minimum wage was \$15.74 an hour. As a result, council members need to earn at least \$1,416.60 a month to be eligible for service credit towards retirement.

The Mayor Pro Tem and Mayor are eligible to earn PERS service credits for now based on their respective salaries – \$1,688 for the Mayor and \$1,520 for the Pro Tem. This issue arises because, beginning in January 2023, the other council members' salaries were \$1,408, which is \$8.60 less than the minimum required under state law. As a result, council members did not receive service credits for 2023. Participating members and the City continued to contribute as membership is an irrevocable decision per WAC 415-108-550. However, Council salaries cannot be increased during a council member's term of office.

## **Background:**

Adjustment of council salaries is controlled by the Washington State Constitution. Article 11, Sec. 8 of the Washington State Constitution prohibits any salary increase or decrease after an election and during the term of office, but Article 30, Sec. 1 restricts this to those officials who set their own salaries. The University Place City Council currently falls into this category.

In this instance, any increase or decrease in salaries may not take effect until the next term of office. For example, if a City Council were to conclude that a salary increase is warranted, it will need to complete action on raising those salaries prior to this November's election. Those elected in November would receive the higher salary beginning in January 2024, but the remaining councilmembers would receive the same (lower) salary in effect at the start of their current term (i.e., January 2026).

# Memo

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The State legislature changed the State's minimum wage laws to increase the minimum wage based on increases in the Consumer Price Index for Urban Wage Earners (CPI-W) over a 12-month period from August to August. For 2023, this increase was 3.4%. Over the last 10 years CPI-W averaged 2.7%. This includes substantial increases in the last few years, including 5.8% in 2022 and 8.6% in 2023.

If the Council were to seek an increase so as to remain both constitutionally compliant and earn PERS credits, there are two mechanisms available. The first is through a salary commission, which the City currently does not have. State law allows for the creation of a salary commission to set salaries (see RCW 35.21.015), once a salary commission establishes salaries levels (or changes the levels) for elected officials, the new salaries can be effective shortly thereafter. If the salary commission determines a salary should be decreased, this decrease can only go into effect after an elected official's term ends (see Article 11, Sec. 8 of the state constitution).

The second is council action by ordinance to amend their own salaries, in accordance with RCW 35A.13.040. However, RCW 35A.13.040 provides that city council members may not change their compensation during their term. Should Council move forward in consideration of making changes to the council members' salary to allow future members the opportunity to earn service credits under PERS, it must be done so under the timing considerations of the State Constitution and applicable RCWs.

## **Council Consideration:**

1. Make no changes to Council salary. Current participating members will continue to contribute but will not receive any service credits unless the member is selected as Mayor or Mayor Pro Tem.
2. Consider raising the Council salary to \$1,783 and maintain a uniform 8% differential in-between for the Mayor Pro Tem and Mayor. This consideration will result in an increase of approximately \$37,475 or 26% over what is currently budgeted for the 2024 year.
3. The council can create a salary commission, who would have the authority to set Council salaries, including the ability to increase salaries during a council member's term. The commission's decision to reduce salaries would take effect after a council member's term ends. The commission members would have no obligation to maintain PERS eligibility.



# Council Salary Discussion

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PERS-RELATED ADJUSTMENT



# Council Salary and State Retirement Program Laws

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- WAC 415-108-570: sets the requirements for service credits (applicable sections (2)(C)(i-iii))
- WAC 415-108-550: membership is an irrevocable decision; membership ends upon separation of service

# Current status v. PERS requirement

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- U.P. city councilmember monthly compensation: \$1,408
- 2024 salary requirement to earn service credit: \$1,465.20
- Compensation change to meet PERS service credit requirement estimate for next election cycle (assuming 4% inflation): \$1,783 for councilmember
- Annual increase in estimated cost is \$38,000 more than what is budgeted in 2024.



# Options for Council Consideration

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1. Make no changes to councilmember compensation. Current participating members will continue to contribute but will not receive any service credits unless the member is selected as Mayor or Mayor Pro Tem.
2. Consider raising councilmember compensation to \$1,783 and maintain 8% differential in-between for the Mayor and Mayor Pro Tem.
3. Council may discuss the merits of a salary commission.

# Salary Commission Formation

- RCW 35.21.015: Salary Commissions
  - Commissioners:
    - Shall be appointed by Mayor with approval of City Council;
    - May not be appointed to more than 2 terms;
    - May not include any officer, official, or employee of city or any of their immediate family members
- Considerations related to formation not in the RCW, but in the draft ordinance:
  - 7 members
  - 4-year terms
  - Setup with staggered terms (i.e., 3 commissioners appointed for 2-year terms initially)
  - Residency requirement
  - Convenes biennially in even years prior to the adoption of the biennial budget

# Changes to Salary by Commissions

- RCW 35.21.015 cont'd:
  - Changes shall be filed by the Salary Commission with the City Clerk and shall become effective and incorporated into the City budget without further action of the City Council or Salary Commission;
  - Salary increase established by the Salary Commission shall be effective as to all City elected officials, regardless of their terms of office;
  - Salary decreases established by the Salary Commission shall become effective as to incumbent City elected officials at the commencement of their next subsequent terms of office.