

CITY COUNCIL POLICY

CITY OF ROCHESTER HILLS, MICHIGAN

TITLE: CITY COUNCIL POLICY FOR SALARIES OF DEPARTMENT DIRECTORS AND MAYOR, AND PER DIEM FEES FOR CITY BOARDS AND COMMISSIONS

RELATES TO: Same as above

RESOLUTION #: A0015-2002-R0306

IS THIS A NEW POLICY? Yes _____ No x

IF NO, SUPERCEDES PREVIOUS POLICY DATED: September 29, 1999

ARTICLE I: PURPOSE

Section 1. Section 8.8 of the City Charter of the City of Rochester Hills requires the City Council to set in the annual budget by resolution the annual salary for the Department Directors and the rates of compensation for members of boards and commissions. Further, Section 8.4 of the City Charter of the City of Rochester Hills requires the City Council to establish the annual salary and fringe benefits for the Mayor. Further, Section 7.6 of the City Charter of the City of Rochester Hills requires the Council to establish the remuneration for members of the Council.

Section 2. It is the desire of the City Council to authorize the Mayor to have certain discretionary authority over the annual salaries of the Department Directors in order to ensure an orderly and efficient method for the establishment of such annual salaries. The purpose of this Policy is to clearly establish, for both the Council and the Mayor, the appropriate procedures to implement this authorization by the Council.

Section 3. Further, it is the desire of the City Council that the annual salaries paid to Department Directors recognize the following considerations:

- a. To provide for fair and internally consistent compensation decisions based on such considerations as the scope of responsibility, education and credentials.
- b. To allow for the attraction and retention of qualified management personnel.
- c. To recognize demonstrated management skill and individual performance.
- d. To promote the responsible allocation of City funds and in compliance with Charter provisions, State and Federal laws and regulations governing pay decisions.

- e. To accomplish other such purposes as may be identified by the Council.

ARTICLE II: AUTHORITY

Section 1. This Policy is adopted by the City Council in accordance with the City Charter of the City of Rochester Hills.

Section 2. The *Administration & Information Services (AIS)* Committee of the City Council is hereby charged with the formal duties and responsibilities stated in this Policy. The *AIS* Committee shall be responsible to the Council for adhering to and carrying out the required actions contained in this Policy.

ARTICLE III: SALARIES FOR DEPARTMENT DIRECTORS

Section 1. The *AIS* Committee shall obtain and review sufficient and appropriate information such that the *AIS* Committee can determine a fair and reasonable amount to be allocated for the total salary adjustments for Department Directors as a group in the succeeding fiscal year. The *AIS* Committee may obtain this information from the Mayor and his/her staff, outside consultants, consumer price indices, Michigan Municipal League, and any other generally recognized authorities whose information is believed to be reliable and beneficial to the deliberations of the *AIS* Committee.

Section 2. The *AIS* Committee shall hold discussions about the information and its determinations with the Mayor, staff, and any other persons whose information, input, knowledge and experience would be reliable and beneficial to the deliberations of the *AIS* Committee:

Section 3. The *AIS* Committee shall consider the following salary adjustments:

A. Base Salary Adjustments

1. **General Adjustment.** The percentage increase to the total base salary pool approved by Council for the preceding budget year, to be applied during the new budget year. This increase is available to provide for the adjustment of salaries of Directors based on comparisons with other government agencies, the general labor market and other economic factors or indices.

The total recommended general adjustment shall be the amount, if any, that the *AIS* Committee determines should be allocated for adjustments to the base annual salaries for Department Directors as a group for the succeeding fiscal year.

2. **Equity Adjustment.** The dollar amount of increase, in addition to the general adjustment, provided by Council for individual Director salaries where such additional

adjustment may be appropriate to correct equity imbalances that may arise on the basis of either internal or external factors affecting particular positions.

The *AIS* Committee shall consider recommendations from the Administration on the need for equity adjustments for any position. The total recommended equity adjustment shall be the amount, if any, that the *AIS* Committee determines should be allocated for equity adjustments to the base annual salaries of Department Directors for the succeeding fiscal year.

B. Variable Pay

1. Performance Bonus. The *AIS* Committee shall determine the maximum percentage of the adjusted base salaries for Directors to be made available to the Mayor to provide additional compensation in recognition of individual effort and annual performance contributions.

The amount shall be based on the Director's annual performance appraisal rating and shall not exceed the maximum percentage established by the *AIS* Committee. This variable amount shall be considered a bonus opportunity to be paid in a lump sum and will not be added to base pay.

Section 4. The *AIS* Committee recommendation may include the carryover of unallocated funds from prior budget years to be included as part of the annual compensation pools.

Section 5. At the last regular meeting of the City Council in the month of June, the *AIS* Committee shall make a written recommendation to the Council concerning the total equity, general, and performance adjustments, if any, for the compensation for the Department Directors as a group for the succeeding fiscal year. This amount, if approved by Council, shall be listed in the Budget for that succeeding fiscal year.

Section 6. At its last regular meeting in the month of June, the City Council shall authorize the Mayor to make equity adjustments to the base annual salaries and provide performance bonuses for one or more Department Directors in a fiscal year, provided that the total equity and general adjustments, and total performance bonuses do not exceed the amount that was approved by the Council for that fiscal year.

Section 7. At the last regular meeting of the City Council in the month of June, the Council shall formally state in a resolution the total cash compensation that is available for the Department Directors as a group in the Budget for the succeeding fiscal year. This total amount shall be the sum of the following individual amounts:

A. The total dollars available for the base annual salaries for the Department Directors as a group in the Budget for the current fiscal year, which may include unallocated funds from previous years.

B. The amount of the total general adjustment, if any, that the City Council approved for the base annual salaries for the Department Directors as a group in the Budget for the succeeding fiscal year.

C. The amount of the total equity adjustment, if any, that the City Council approved for the base annual salaries for specified Department Director positions as a group in the Budget for the succeeding fiscal year;

D. The total amount of approved funds available for performance bonuses Department Directors as a group in the Budget for the succeeding fiscal year.

The Mayor shall not have the authority to supplement or add to the compensation for Directors by using any funds in the budget other than those, if any, approved by Council pursuant to this policy for general and equity adjustment for Department Directors.

Section 8. Upon elimination of a Department Director position by the City Council, the Council shall adopt a resolution to restrict and reserve in the Budget for the current fiscal year the dollars that would have been used to pay that position for the remainder of the current fiscal year. These dollars, including bonus amount, also shall be subtracted from the total amount of dollars that are available for the base annual salaries for the Department Directors as a group in the Budget for the current fiscal year. These dollars shall not be available for allocation by the Mayor to one or more of the remaining Department Director positions, and shall be unreserved only by a formal resolution adopted by the Council.

Section 9. Upon the addition of a Department Director position by the City Council, the Mayor shall request the Council to authorize additional dollars for the annual compensation for that new position for the remainder of the current fiscal year. These additional dollars shall be authorized by the adoption of a formal resolution by the Council. Upon the adoption of that resolution, these additional dollars shall be added to the total amount of dollars that are available for the base annual salaries for the Department Directors as a group in the Budget for the current fiscal year.

ARTICLE IV: SALARY AND FRINGE BENEFITS FOR MAYOR

Section 1. The *AIS* Committee shall obtain and review sufficient and appropriate information such that the *AIS* Committee can determine a fair and reasonable amount to be designated for the base annual salary and fringe benefits for the Mayor in the succeeding fiscal year. The *AIS* Committee may obtain this information from the Mayor and his/her staff, outside consultants, consumer price indices, Michigan Municipal League, and any other generally recognized authorities whose information is believed to be reliable and beneficial to the deliberations of the *AIS* Committee.

Section 2. The *AIS* Committee shall hold discussions about the information and its determinations with the Mayor, staff, and any other persons whose information, input, knowledge and experience would be reliable and beneficial to the deliberations of the *AIS* Committee.

Section 3. At the last regular meeting of the City Council in the month of June, the *AIS* Committee shall make a written recommendation to the Council concerning the base annual salary and fringe benefits for the Mayor for the succeeding fiscal year.

Section 4. The City Council shall approve, at its last regular meeting in the month of June, the base annual salary and fringe benefits for the Mayor for the succeeding fiscal year.

ARTICLE V: COMPENSATION FOR THE MEMBERS OF CITY COUNCIL

Section 1. The *AIS* Committee shall obtain and review sufficient and appropriate information such that the *AIS* Committee can determine a fair and reasonable amount to be designated for the compensation for the members of City Council in the succeeding fiscal year. The *AIS* Committee may obtain this information from the Mayor and his/her staff, outside consultants, Consumer Price Indices, Michigan Municipal League, and any other generally recognized authorities whose information is believed to be reliable and beneficial to the deliberations of the *AIS* Committee.

Section 2. The *AIS* Committee shall hold discussions about the information and its determinations with the Mayor, staff, and any other persons whose information, input, knowledge and experience would be reliable and beneficial to the deliberations of the *AIS* Committee.

Section 3. At the last regular meeting of the City Council in the month of June, the *AIS* Committee shall make a written recommendation to the Council concerning the compensation for the members of Council for the succeeding fiscal year.

Section 4. At its last regular meeting in the month of June, the City Council shall approve the compensation for the members of Council for the succeeding fiscal year.

ARTICLE VI: PER DIEMS FOR BOARDS AND COMMISSIONS

Section 1. The *AIS* Committee shall obtain and review sufficient and appropriate information such that the *AIS* Committee can determine a fair and reasonable amount to be designated for the per diems for the boards and commissions in the succeeding fiscal year. The *AIS* Committee may obtain this information from the Mayor and his/her staff, outside consultants, consumer price indices, Michigan Municipal League, and any other generally recognized authorities whose information is believed to be reliable and beneficial to the deliberations of the *AIS* Committee.

Section 2. The *AIS* Committee shall hold discussions about the information and its determinations with the Mayor, staff, and any other persons whose information, input, knowledge and experience would be reliable and beneficial to the deliberations of the *AIS* Committee.

Section 3. At the last regular meeting of the City Council in the month of June, the *AIS* Committee shall make a written recommendation to the Council concerning the per diems for the boards and commissions for the succeeding fiscal year.

Section 4. At its last regular meeting in the month of June, the City Council shall approve, the per diems for the boards and commissions for the succeeding fiscal year.

Historical Data:

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| Adopted: | November 8, 1989 |
| Revised: | June 19, 1996 |
| Revised: | September 29, 1999 |
| Revised: | July 17, 2002 |

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