



Salary Review Commission

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Date: May 25, 2004

To: Board of County Commissioners

From: 2004 Salary Review Commission

Rick Howell, Director of Organizational Development and HR,
Columbia Forest Products

David Rhys, Classification/Compensation Manager, City of Portland

Chair: Mary Ann Wersch, Director of Human Resources, Reed College
Eric Wilson, President, HR Integrated Solutions

Re: 2004 Multnomah County Salary Review Commission Report

Under the authority of Section 4.30 of the Multnomah County Home Rule Charter as amended November 6, 1990, the 2002 Multnomah County Salary Review Commission (Commission) was appointed by the County Auditor and convened to consider and recommend salary levels for the positions of Multnomah County Commissioner (Commissioner) and Chair of the Board of County Commissioners (Chair).

Executive Summary

1. In 2002, the Board of County Commissioners approved Resolution No. 02-143 indexing the Commissioners' salaries to 75% of a circuit court judge's salary. The judge's salary is currently \$95,800; Commissioners' salaries should be \$71,850. The FY 2003-2004 salary for all four Commissioners is \$67,800 which is 70.8% of a circuit court judge's salary.
2. In 2002, the Board of County Commissioners approved Resolution No. 02-143 indexing the Chair's salary to 125% of a circuit court judge's salary, phased in over a 5 year period. In 2003-2004 the Chair's salary was to be 110% of the circuit court judge's salary which is \$105,380. The FY 2003-2004 salary for the Chair is \$90,789 which is 94.8% of a circuit court judge's salary.

3. The 2004 Commission recommends that a Commissioner's salary remain indexed to 75% of the circuit court judge's salary. The Commissioners' salaries should immediately increase to \$71,850. The salaries effective July 1, 2004 and July 1, 2005 should be either \$71,850 or should be 75% of a circuit court judge's salary, whichever is greater. The Commissioners' approved salaries should not, and do not at this time, exceed 80% of the Chair's approved salary.
4. The 2004 Commission recommends that the Chair's salary be 125% of the circuit court judge's salary and phased in as approved by the Board in 2002. The adjustment schedule is illustrated in the table below.

Fiscal year	Salary increase
2002/2003	105% of circuit court judge salary
2003/2004	110% of circuit court judge salary
2004/2005	115% of circuit court judge salary
2005/2006	120% of circuit court judge salary
2006/2007	125% of circuit court judge salary

5. The Chair's salary should immediately increase to \$105,380 and effective July 1, 2004 should be increased to \$110,170. The Chair's salary effective July 1, 2005 should be 120% of the circuit court judge's salary. However, in no case shall the Chair's salary exceed 110% of the maximum of the highest salary range for department director and at this time it does not.

Respectfully submitted this 25th day of May, 2004.

By the Multnomah County Salary Review Commission:

Rick Howell, David Rhys, Mary Ann Wersch, and Eric Wilson

SALARY REVIEW COMMISSION BACKGROUND

In November 1984 the Home Rule Charter was amended as follows:

"The auditor shall appoint a five-member salary commission, composed of qualified people with personnel experience by January 1, 1986, and by January 1 in each even year thereafter....(to make) salary adjustment recommendations, if any..."

The first Commission was appointed in 1986 and a new Commission has been appointed in each even year up to the current 2004 Commission.

In 1990, the voters approved a ballot measure submitted by the Multnomah County Charter Review Commission which allowed the Board to approve their own salary increases rather than salary increase recommendations being referred to the voters. The measure also specified they were not allowed to set salaries higher than the recommendation from the Commission.

In 1991 a County Counsel's opinion stated that the Commission may also make recommendations regarding the salaries of the Sheriff and District Attorney, if requested. To date, the Commission has not been asked to make a recommendation on either position.

SALARY HISTORY

From FY 1983-84 through FY 1990-91, the Multnomah County Chair and Commissioners did not receive an increase in salary. From FY 1991-92 through FY 1995-96, cost of living increases were added to Chair and Commissioners' salaries, but their salaries remained far below comparable jurisdictions and the relative worth of the jobs.

The 1996 Commission recommended that a Commissioner's salary be indexed to 75% of a district court judge's salary. The Commission further recommended that the Chair's salary be indexed to the mid-point of the salary range for the Chair's direct reports, Multnomah County department directors.

The 1996 Board of County Commissioners approved the recommendation with the following conditions:

- a) The Board would implement the Commission's recommended three-year phase-in option for Commissioners' salaries and by 1998-99 Commissioners' salaries would be equivalent to 75% of a circuit court judge's salary (there are no longer district court judges, only circuit court judges).
- b) The Board would implement a five-year phase-in for the Chair and in 1998-99 the Chair's salary would be increased by one third of the difference between the Chair's salary and the department director's salary range midpoint.

The 1998 Commission reaffirmed this methodology for indexing of salaries and further recommended that an appropriate ratio between the Commissioners' salaries and the Chair's salary be no more than 80%. Should the ratio be more than 80%, the Commissioners' salaries would be reduced to the 80% ratio.

The 1998 Board of County Commissioners did not act on the recommendation, but did in fact increase the Chair's and the Commissioners' salaries in accordance with the phased-in approach approved by the 1996 Board.

The Board of County Commissioners approved the 2000 Commission recommendation that the Commissioners' salary remain \$63,975 or 75% of a circuit court judge's salary, whichever was greater, effective July 1, 2000 and again on July 1, 2001.

The Board of County Commissioners approved the 2000 Commission recommendation that the Chair's salary be increased to the midpoint of the Multnomah County Department Directors' salary range effective July 1, 2000 and in 2001 remain at this level or increase to the mid-point of the department directors' salary range, whichever was greater.

The 2002 Commission recommended no change to the methodology for Commissioners' salaries. However, in discussions with County HR staff, the Commission determined that County department directors' salaries were below market. The Chair's salary had been indexed to department directors' salaries, but if they were below market, indexing the Chair to those salaries would not be appropriate. Consequently, the Commission recommended indexing the Chair's salary to 125% of a circuit court judge's salary and suggested the Board may want to consider a phased in approach. The Board approved the recommendation in November, 2002.

Even though the methodology was approved, neither the Chair's salary nor the salaries of any of the Commissioners has increased since FY 2000-2001.

METHODOLOGY AND FINDINGS

The 2004 Commission collected and reviewed current data from a number of sources. The data is summarized below:

1. Information collected by prior Commissions:

In reviewing the minutes and reports of prior Commissions, it is evident that comparability among county and other jurisdictions is difficult to measure and compare. However, the 1994 Commission determined that the following nine counties shared some measure of comparability with Multnomah:

Clackamas OR, Clark WA, Fresno CA, Lane OR, Marion OR, Pierce WA, Snohomish WA, Thurston WA, and Washington, OR.

These remain appropriate comparators although it should be pointed out that all but one of the counties has a smaller operating budget than Multnomah County.

2. Survey information from the County HR Office:

The County Human Resource Office identified 4 additional counties used by their compensation professionals for comparability. They are:

Denver CO, Hennepin MN, King WA, and Maricopa AZ

Each of these counties has a larger budget than Multnomah County, but again that is balanced by the number of counties in our comparator group that have significantly smaller budgets.

3. Current salary data from the counties defined above:

The 2004 Commission surveyed these comparable counties for current salary data and the process they use to set salaries for commissioners and the county executive, if they have one. In addition, a comparison of cost of living factors among the geographical areas compared with Multnomah County showed that they are all relatively comparable.

Twelve counties have full time commissioners; the average salary for a commissioner is \$78,892, adjusted for geographic differences the average salary is \$80,609. The average salary is 12% greater than a Multnomah County Commissioner's approved salary and is 19% greater than their current actual salary.

Exhibit A: Commissioner salaries of other counties

County	2004 Commissioner Salary	2004 Geographic Adjustment	2004 Adjusted Salary
Clackamas, OR	\$70,092	100.6%	\$69,707
Clark, WA	\$92,224	92.9%	\$99,249
Denver, CO	\$70,000	105.6%	\$66,288
Fresno, CA	\$83,870	101.1%	\$82,953
Hennepin, MN	\$86,808	98.1%	\$88,526
King, WA	\$106,985	111.2%	\$96,217
Lane, OR	\$70,000	95.0%	\$73,658
Maricopa, AZ	\$54,810	92.9%	\$58,999
Marion, OR	\$65,728	94.0%	\$69,955
Pierce, WA	\$74,536	92.9%	\$80,234
Snohomish, WA	\$86,714	94.6%	\$91,662
Thurston, WA	\$84,936	94.5%	\$89,859
Mean	\$78,892		\$80,609
Multnomah			\$71,850*

*Note: salary reflects approved but not actual salary.

Only five counties have an elected county executive; the average salary is \$113,578 adjusted for geographic differences the average salary is \$111,378. The average

salary is about 6% greater than Chair's approved salary and 16% greater than her current actual salary.

Exhibit B: Counties with comparable executive salaries

County	2004 Chairperson Salary	2004 Geographic Adjustment*	2004 Adjusted Salary
Denver, CO	\$120,000	105.6%	\$113,632
King, WA	\$164,077	111.2%	\$147,563
Pierce, WA	\$124,228	92.9%	\$133,375
Snohomish, WA	\$95,385	94.6%	\$100,828
Washington, OR	\$64,200	104.4%	\$61,491
Mean	\$113,578		\$111,378
Multnomah			\$105,380*

*Note: salary reflects approved but not actual salary.

4. State legislators, regional councils, and local boards:

A review of these jurisdictions showed limited comparability. However, Metro uses the methodology for setting salaries that was the basis for the model used by the Commission in 1996. The current data from Metro is detailed in Exhibit C below.

Exhibit C: Comparison with Metro salaries

Metro position	Salary
Executive (salary of a judge)	\$95,800
Councilor (one-third of a judge salary)	\$31,933

5. City of Portland:

Although past Commissions have not used data from the City of Portland, the County's human resources office does use city data for comparison with both elected official salaries and management salaries. However, it should be noted that city commissioners have operational responsibility for a city bureau. The current data for City of Portland's mayor and commissioners is detailed in Exhibit D below.

Exhibit D: Comparison with City of Portland salaries

City of Portland position	Salary
Mayor	\$102,918
Commissioner	\$86,699

5. Comparability between the Chair and County department directors:

The Chair has County-wide operational and fiscal responsibilities, which the Commissioners do not, and six department directors report directly to the Chair. The

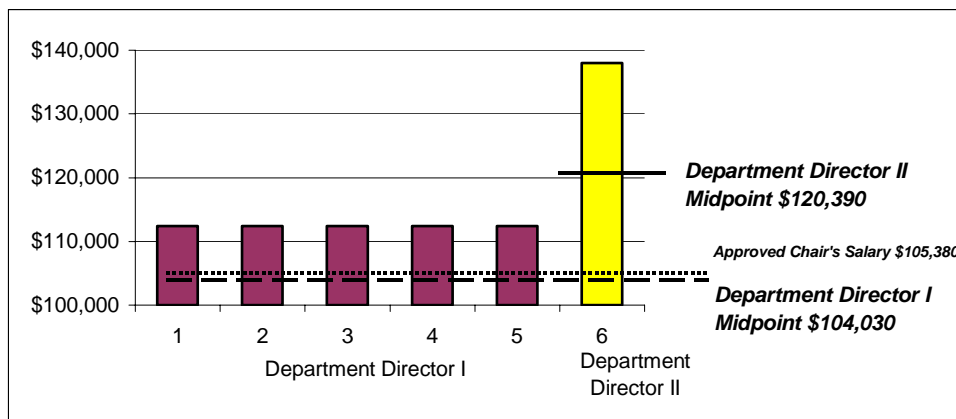
FY 2003/2004 salary range midpoint for Department Director I is \$104,030. The FY 2003/2004 salary range midpoint for Department Director II is \$120,390. Currently, all of the direct report department directors have salaries above the midpoint of the range.

The County's human resources staff is responsible for the administration of the County's compensation program and pay practices. In an April, 2004 report to the Commission, the HR compensation professional provided a summary of the current management salary structure, as follows:

“Director salary ranges should still be valid...we might be slightly under market, but minimally.”

The Chair's salary compared with her direct reports shows the Chair paid less than each of her direct reports and less than the midpoint of either salary range. Exhibit D shows that comparison.

Exhibit D compares the approved salary of the Chair with the salary range midpoints of the Chair's direct reports.



6. Salary setting of other County elected officials:

The Multnomah County Home Rule Charter specifies that the county sheriff's salary shall be fixed by the Board in an amount that is not less than any member of the sheriff's office.

The County auditor's salary is indexed at 80% of a circuit court judge's salary.

7. CPI considerations:

CPI data is an integral part of the information base in the data presented above. It has influenced the market data from both outside sources such as other counties and from within the county in determining an appropriate salary range for department directors.

8. Compensation philosophy:

Typically an organization will consider three factors when designing compensation programs. These are the ability for an organization to attract, retain and motivate employees. However, this Commission believes that these factors are not the primary reason a person decides to run for elected office. Further, people who run for these elected positions are not recruited outside the metropolitan area, so salary comparability as a recruitment tool is simply not a factor. Even so, elected officials should be paid an equitable and fair wage for the work they do. Although it cannot be proved, this Commission also believes that an equitable and fair salary will attract high quality individuals to run for elected office.

RECOMMENDATIONS AND REASONS

This Commission believes that the indexing of both the Chair's and Commissioners' salaries is an appropriate long term methodology that could and should be adopted.

In considering the salary of the Commissioners, the Commission has determined that indexing to a circuit court judge's salary remains the appropriate methodology. The salary of the Commissioners is now indexed to 75% of a circuit court judge's salary. There are several reasons for this:

1. Other jurisdictions and officials use this index; City of Los Angeles, Metro, and the County auditor salaries are determined using this methodology.
2. Since the judge's salary is determined by the state legislature, commissioners have no influence over their own salary increases.
3. The average of the commissioners' salaries in twelve other jurisdictions (\$80,609) supports paying Commissioners 75% of a circuit court judge's salary (\$71,850).

The Commissioners' approved salaries should not exceed 80% of the Chair's approved salary. If the difference in approved salaries is greater than 80%, the Commissioners' approved salaries should be reduced to 80% of the Chair's. The Chair clearly has responsibilities the Commissioners do not have and internal equity is an important issue. Maintaining an appropriate difference in their salaries is essential in effective compensation design.

The Commission is recommending that the Chair's salary be indexed at 125% of the circuit court judges' salary. However, in no case should the salary exceed 110% of the maximum of the highest salary range of department director. There are several reasons for this:

1. Other jurisdictions and officials use this index; City of Los Angeles, Metro, and the County auditor salaries are determined using this methodology.

2. Since the judge's salary is determined by the state legislature, the Chair will have no influence over his or her own salary increase.
3. The cap of 110% of the department directors' highest salary range maximum retains internal equity within the County system.

2004/2005 AND 2005/2006 SALARIES

The 2004 Salary Review Commission recommends that the Commissioners' salary remain indexed to 75% of a circuit court judge's salary effective July 1, 2004 and again on July 1, 2005. Because this was approved in past years by the Board but the Commissioners' current salaries do not reflect the increase, the Commission urges the Commissioners to immediately increase their salaries, as approved, to \$71,850 or to 75% of the judge's salary, whichever is greater.

The 2004 Salary Review Commission recommends that the Chair's salary remain indexed to a circuit court judge's salary effective July 1, 2004 and again on July 1, 2005 and increases phased in as approved by the Board in 2002. Because this was approved in past years by the Board but the Chair's salary does not reflect the increase, the Commission urges the Chair to immediately increase her salary, as approved, to \$105,380. Assuming no increase in the judge's salary, the Chair's salary should be increased to \$110,170 effective July 1, 2004 and increased to \$114,960 effective July 1, 2005.

ENHANCING SERVICE TO THE PUBLIC

Finally, the Commission recommends that the Board of County Commissioners accept the recommendations in total for the following reasons:

1. the recommendations come from professionals in the field of compensation and are based on accurate, relevant and appropriate data and methodologies;
2. the salary recommendations relate to the office and not to persons; in other words, the salaries are based on what the *job* is worth and because it does not include a "pay for performance" model it is not a measure of the worth of the *individual* who occupies the position;
3. being paid for what the job is objectively worth is extremely vital to maintaining high quality leadership in Board members and their successors; thus the public will be better served.

LAST BUT CERTAINLY NOT LEAST

The Commission wishes to thank Carol Brown of the County Human Resources Office for collecting and sharing valuable information regarding management salaries and comparable jurisdictions.

The Commission wishes to thank Agnes Sowle, County Counsel, for discussing with us legal issues related to the County Charter.

The Commission also wishes to extend its heartfelt gratitude to the Multnomah County Auditor Suzanne Flynn and her assistant Judy Rosenberger for the research and support provided to the Commission, for willingly (or at least appearing to...) attending all early morning meetings with a much appreciated continental breakfast, for the collection and distribution of minutes, and for their warm, caring and friendly ways. We could not, and would not want to, do our work without them. Thank you!