

FISCAL NOTE FOR NON-CAPITAL PROJECTS

| Department: | Contact Person/Phone: | CBO Analyst/Phone: |
|--------------------|------------------------------|---------------------------|
| Legislative | Ben Noble/684-8160 | |

Legislation Title:

AN ORDINANCE related to the Legislative Department; amending Ordinance 120544 to change the procedure for regularly revising the salaries of Seattle City Councilmembers, and ratifying and confirming certain prior acts.

Summary of the Legislation:

This legislation revises the methodology for revising Councilmember salaries, to conform to the charter amendments recently approved by Seattle voters. These amendments, which will eventually produce 7 district and 2 city-wide Councilmembers elected to 4 year terms, include a transition period during which certain Council positions will only have a two year term. The existing ordinance governing Council salaries only anticipates 4-year terms and thus needs to be revised.

Consistent with the requirements of the City Charter, the new ordinance would fix Councilmember salaries for the term of their election, whether that be two or four years. Upon election or reelection, the salary associated with each position would be adjusted to reflect the impacts of inflation that had occurred during the term. For example, if annual inflation of 2% had been experienced in each year of a two-year term, that salary would be adjusted up by 4.04% (2% compounded) before the beginning of the new term.

To establish a consistent base for these future adjustments, Councilmembers elected in 2013 will have their annual salary set for their two-year term at the same level as Councilmembers elected in 2011. Thus, for 2014 and 2015, all Councilmembers will be awarded the same salary.

Under the existing authority for setting Councilmember salaries, the salary for those members elected or reelected for terms beginning in 2014 would have been \$126,178. This figure reflects an approach to inflation-adjustment that looks forward over the next four years and uses estimates of projected inflation to prospectively adjust salaries for the likely impacts of inflation. Under the proposed ordinance, this salary figure would be reduced to \$119,976, the same amount now earned by those Councilmembers who were elected or reelected for terms that began in 2012. These lower salaries will reduce total expenditures for Council salaries by \$24,800 per year for 2014 and 2015. In addition, by implementing an adjustment methodology that looks backward and adjusts for actual inflation, rather than looking forward to adjust for anticipated inflation, this ordinance will result in lower salary adjustments for those taking office in 2016, 2018 and beyond.

Background:

This legislation is necessary because of the recent passage of Charter Amendment 19 on November 5, 2013, which requires the election of seven City Councilmembers by districts and two from the city at large and which initially changes the term of office from four years to two for four Councilmembers elected in 2013 and for two Councilmembers elected at large in 2015; subsequent terms would be for four years. The current ordinance applies only to four-year terms.

 This legislation does not have any financial implications.

X This legislation has financial implications.

As noted above, the lower salaries authorized by this ordinance will reduce total expenditures for Council salaries by \$24,800 per year for 2014 and 2015. In addition, by implementing an adjustment methodology that looks backward and adjusts for actual inflation, rather than looking forward to adjust for anticipated inflation, this ordinance will result in lower salary adjustments for those taking office in 2016, 2018 and beyond.

Appropriations:

| Fund Name and Number | Department | Budget Control Level* | 2013 Appropriation | 2014 Anticipated Appropriation |
|-----------------------------|-------------------|------------------------------|---------------------------|---------------------------------------|
| | | | | |
| TOTAL | | | | |

Appropriations Notes:

No appropriation changes are proposed in this ordinance. Savings that result from lower Councilmember salaries will be returned to the General Fund at year end as underspent appropriations of the Legislative Department.

Anticipated Revenue/Reimbursement Resulting from this Legislation: None

| Fund Name and Number | Department | Revenue Source | 2013 Revenue | 2014 Revenue |
|-----------------------------|-------------------|-----------------------|---------------------|---------------------|
| | | | | |
| TOTAL | | | | |

Revenue/Reimbursement Notes:

None

**Total Regular Positions Created, Modified, or Abrogated through this Legislation,
 Including FTE Impact: None**

| Position Title and Department | Position # for Existing Positions | Fund Name & # | PT/FT | 2013 Positions | 2013 FTE | 2014 Positions* | 2014 FTE* |
|--------------------------------------|--|--------------------------|--------------|-----------------------|-----------------|------------------------|------------------|
| | | | | | | | |
| TOTAL | | | | | | | |

Position Notes:

Not applicable

Do positions sunset in the future?

Not applicable

Spending/Cash Flow:

Not applicable

Spending/Cash Flow Notes:

Not applicable

Other Implications:

a) Does the legislation have indirect financial implications, or long-term implications?

As noted above, the salary adjustment methodology established by this ordinance will reduce Council salaries over the levels that would have prevailed under the current approach.

b) What is the financial cost of not implementing the legislation?

Council salaries would be set at higher levels.

c) Does this legislation affect any departments besides the originating department?

No

d) What are the possible alternatives to the legislation that could achieve the same or similar objectives? None

e) Is a public hearing required for this legislation?

No

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

Not applicable.

g) Does this legislation affect a piece of property?

No

h) Other Issues:

None

List attachments to the fiscal note below: