

The 2021 Wicomico County Compensation and Allowance Commission met on November 12, 2021 at 8:30 a.m. via Zoom.

Members Present: Dr. Memo Diriker, Chairman; Victor H. Laws, III, Vice-Chairman; Michelle Chesnik, Sue A. Cooper, PhD; Mary Mengason, Sharon A. Morris, Mark Rudnick, John Aukward, Victoria Miele, and Michelle Wright. Mr. Andrew Bauer was absent.

Staff Present: Laura Hurley, Recording Secretary

Dr. Diriker called the meeting to order and announced that the meeting is being recorded. He said he was hoping to bring the spreadsheet model that he has been developing to show the differences, but over the last couple of days, he has been having technical difficulties, but he will work on it over the weekend and send it to everyone. He said they looked at county sizes, county budgets, and geographic proximity, as well as similarity in rural counties. He said they selected four counties on the Shore, two in Southern Maryland and Western Maryland, and Harford County in addition to looking at compensations in the private sector. He then showed a graph and said the County's revenue falls into the category that is \$249 million to almost \$250 million. They then looked at the base salary row and Dr. Diriker explained, if this were a private organization, the base salary for the County Executive would be \$340,000 instead of \$85,000. He said the usual benchmark used for private versus public is around 50 percent of the private salary, so if they were using this particular benchmark only, which they are not, it would be in the \$170,000 range instead of \$85,000.

Dr. Diriker said the other thing they looked at were the nonprofit organizations in Maryland. He said the nonprofit organizations in Maryland tend to look like a bell curve at the 50th percentile and the median is about \$180,000, which includes other compensation components, which they will add, but this translates into about \$130,000 base salary, which is still significantly higher than the \$85,000. He said nonprofit organization salaries tend to be slightly less than public sector, so if they put a little bit of an inflator there, it turns the \$130,000 into maybe \$140,000 or \$145,000.

Dr. Diriker said the \$85,000 has not changed since the beginning of the Charter change to allow the County Executive, so the current amount adjusted with inflation would have been \$136,000. He explained that this inflation is more than the inflation figure and the 2 percent restrictor that the County uses, so if they were to use the 2 percent restrictor, that amount would still be about \$120,000, just for the inflation adjustment.

Dr. Diriker said they have a very strong case to make, at least with the County Executive salary, that it should be significantly altered. He said it is also an important component of the way we recruit for the County Executive candidates as they are not going to get quality candidates, the top-quality candidates, if they do not have a sufficient salary or compensation plan in place.

He said the benefits of the position are relatively good, and the benefits in the county are comparable to other benefits around the State, as well as elsewhere. He said historically, they have not recommended too many changes to the benefits themselves, but there has been discussion in the past about whether the County Councilmembers should be vested at the fast pace rate that they are currently vested, but that is a conversation they will have at a later meeting. He said the Council President, Council Vice President, and Councilmember salaries just need to be inflation adjusted a little bit so that they are comparable to their peers elsewhere.

Dr. Diriker said the Sheriff's salary is also in a good place because Council has accepted their recommendation, but it might need a little bit of an inflation adjustment. He said, given the 2 percent revenue cap, they will use the 2 percent inflator rather than the CPI-U. He said this is the first year since the revenue cap has been enacted that they will have an inflation number significantly higher than the 2 percent. He said it is going to be interesting because the County cannot increase revenue, so the yield rate is actually going to do down because of that. He then showed on the screen the buying power of \$85,000, which shows a decline over time.

Ms. Chesnik said, in looking at the comparable MACO numbers for like counties, the closest is Cecil County or Frederick County, so she does not think they should be comparing Wicomico County to Baltimore County or other counties that are different. She said she thinks Cecil's County Executive's Salary is \$96,000.

Dr. Diriker explained that he creates in the model a like county based on all of those factors, not just a single line comparison, which then gives them where it should be if they were to be in line with best practices. He clarified, it is not just a county comparison, but they do that as well. He said, if they remember looking at the memorandum that was sent out, the Appendix to that memorandum has the information of what other counties have provided, but they also look at other factors.

Dr. Diriker said they do not just look at the salary inflation up to this point, they also look at the four years during which this salary is going to be in effect because the compensation figures do not change year to year, so the best practice is to factor into the compensation about half of the upcoming inflation so it does not fall down all the way, as inflation changes the purchasing power of the compensation. He said, if the purchasing power is going down by about 5 percent, they give 2.5 percent of that into their recommendation. He said half of the time they are okay, but in the last two years they got the lower end of the purchasing power based on their recommendation. He said it is a multifactor comparison that they use, which is actually what is recommended by the national organization of counties.

Mr. Rudnick asked if the salary can be increased in each of the four years in some nature, maybe by 1 percent, to which Dr. Diriker responded, the last Commission made a recommendation to the Council, which, interestingly, the Council looked upon favorably but did not want to implement at the time because they wanted to come back and visit that as a separate issue, separate from this process. He clarified, he does not know what happened, but he does not think they ever got around to that.

Dr. Diriker said, if everyone agrees, they will continue to make that recommendation to take the politics out of it a little bit and make it a little bit more mechanical for the simplest part of it. He said one thing everybody has to keep in mind is that it is up to the Council to decide as the Compensation and Allowance Commission is the just the recommending body, and the Council cannot add to their recommendation. He explained, if the Commission recommends \$100,000, the Council cannot make it \$110,000. He clarified, they can keep it as the same level of \$85,000 or anything in between, but they just cannot go over the Commission's recommendation.

Ms. Morris suggested they put in the recommendation for how the Council is compensated rather than just the compensation. She then asked if that is what they are proposing, to which Dr. Diriker responded, yes, that is what they have proposed. He said they have also looked into ways of making it happen without going all the way to a Charter Review and the opinion they got at that time was, if the compensation was XYZ for these four years then it is not an escalator clause, it is just their

recommendation. He said, if they say it is an escalator clause, a percentage by CPI-U, then it would have to go to the Charter Review.

Ms. Wright said, looking at the last chart in talking about the salary, there has not been an increase in the Executive salary since 2000. She then asked if the other Commission prior to this Commission did not recommend an increase, and, if not, what was the reason behind that. Mr. Rudnick clarified that the County Executive's salary was put in place in 2006. Dr. Diriker said the salary for the Executive position is \$85,000 and it been that since 2006. He said the Compensation and Allowance Commission was formed three times before and this is the fourth time, and none of the prior recommendations were accepted. He clarified, they recommended an increase every time, but it was never accepted.

Ms. Wright asked if the recommendations are based on inflation, to which Dr. Diriker responded, a combination of inflation, the comparison to nonprofit, the comparison to for profit, and similar counties and elsewhere; it was a matrix.

Mr. Laws said they have only had a County Executive since 2006, so it overstates it a little bit to take the inflation factor all the way back to 2000. He said County Council has not had a raise since 1994, so that would really be a significant difference, and the next term will take them into 30 years past that day.

Ms. Morris explained, when the County Council started, they were actually part-time business people who conducted business during lunchtime, and they received a stipend for doing that. She said, as the years have gone by and things have become increasingly more immediate, they have had to spend more time doing it, and it is up to the President how they set that agenda and whether or not they have work sessions and evening sessions, so they are actually spending more time with the public. She said she thinks that has been a hindrance as to why Councils have not moved forward. She said, in 1997, the Vice President got \$1,000, but like Mr. Laws said, there has not actually been any significant changes in 30 years; it is just unbelievable.

Dr. Diriker said a concern of previous Councils has been that these recommendations come shortly before an election was coming, so they did not like the optics of giving themselves a raise for the next election round.

Dr. Diriker said he selected the year 2000 because that was the first Commission that he served on, but when changing it to 2006, it would put the County Executive salary at \$116,000, almost \$117,000, but that does not take into account the increase of the complexity and the size of the County's budget and payroll. He said inflation has been pretty tame until his year, but now they are going to have to factor in at least 5 percent this year, which is going to be curtailed by the 2 percent revenue cap, so for the next two coming years he is going to recommend that they recommend a 2 percent inflator going forward.

Mr. Laws said he does not disagree, but the 2 percent only applies to the property tax, it is not all county revenue, to which Dr. Diricker responded, that is correct, but they have been asked to use that in the past, so he is going to stick with that.

Dr. Diricker said the actual revenue this year is going to increase faster than 2 percent because property values have gone up. Ms. Cropper said, even though the values went up quickly, the assessment will go up slowly, but it will grow every year because of those steps.

Mr. Laws said they can only grow 2 percent because the rate has to come down as the property assessment base goes up, as that is the nature of the revenue cap, to which Dr. Diriker responded, the only thing that adds to the property revenue is new developments because they are not subject to the 2 percent, they come in at their value, and the assessed value is usually a lot lower than the actual value of the property.

Mr. Rudnick asked what the approximate number of hours a Councilmember commits to the job are, as it is not only in-person meetings and getting to meetings, but the homework they must do to prepare for the meetings. Dr. Diriker responded, MACO estimates in Maryland the so called volunteer Council and Commission members spend a minimum of 20 hours a week, some more. Ms. Hurley said it depends on the person in the Council Seat, as some Councilmembers attend all community events, and then others pick and choose. She said some Councilmembers attend a lot of ribbon cuttings and social events in the community, and others do not participate in those events. She said some Councilmembers hold town hall meetings and others do not, so it depends on the individual sitting in the seat. Dr. Diriker said some of them work full time jobs.

Ms. Chesnick said she thinks if they keep the salary like it is they are not going to attract quality people to run for County Council. She said they need more of a salary base for people to be invested in this.

Dr. Diriker said they need the revenue levels for professional county management. He said the County had a County Administrator, but that was more like helping the Council manage its affairs and that position continued after the creation of the County Executive. He said they are looking at the progressive complexity of the job, both for the Executive as well as Council President, Vice President, and members of the County Council. He said the Sheriff's job does not really change that much in what they do and what they have to deal with, though crime changes a little bit, but when comparing their Sheriff's compensation to others, by and large their Sheriff's compensation is in the right place. He said they have not in the past done a comparison of the Board of Education, which is why he asked Mr. Rudnick and his team to take a look into that, and they have also not been asked to look at the County Attorney or Superintendent, so they are not touching those.

Ms. Morris said the County does not completely fund the Board of Education and they have a Memorandum of Understanding with them. She then asked, if they do not completely fund them, how can they make a recommendation for them, to which Dr. Diriker responded, they will give them an information opinion that will help them in the budget deliberations.

Mr. Laws said it looks like the Board of Education members' salaries are set by State law, and he thinks the County Council would be just making a recommendation to the legislative delegation, to which Dr. Diriker responded, correct, and it also helps with the budget discussions.

Ms. Wright said they will be very shocked when they see the findings in what they get paid versus the time and energy put into the job and then compare it to other counties. She said, looking at the number of hours the Board of Education members put in compared to the County Council, they should be making more money than the County Council. She then asked, who funds that and who makes the final decision, and is it something done locally or through the State? She said they do not get paid enough, to which Dr. Diriker responded, the elected school board is a relatively new construct. He said they can give them information they can use any way they want, but they cannot make a recommendation. He

clarified, by the Charter they can only make recommendations on the County Executive and County Council, and even the Sheriff is a request item as it is not even in the Charter.

Mr. Laws said Ms. Wright is correct, those numbers are \$3,700 for the Board of Education members and \$4,000 for the Chair. Dr. Diriker said he has looked at some comparisons not only in Maryland but elsewhere, and that is an area that has to be given attention to.

Ms. Morris said Somerset County, which is the County with the least amount of revenue, pays health care and a pension for their Council people, but they are going to bring back more conclusive information at the next meeting.

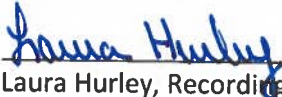
There was then discussion on Councilmembers volunteering, getting a stipend, or being paid a compensation.

Dr. Diriker said the next meeting will be held on Wednesday, November 17, 2021, at 8:00 a.m.

There was no further discussion.



Dr. Memo Diriker, Chairman



Laura Hurley, Recording Secretary