

The League of California Cities City Manager Compensation Guidelines

Overview

Under the council–manager form of city government prevalent in California the city council is responsible for the legislative function of the city, including establishing policies, passing local ordinances, approving the budget, and setting the overall goals and vision for the city. City managers are the chief executive officers of the city and are responsible to the council and the residents for the effective and efficient delivery of city services and the implementation of all council policies and goals. It is a partnership that requires the involvement and commitment of both the council and the manager.

In today’s highly complex society city managers are required to be experienced and knowledgeable in public safety, budgeting, legislative affairs, human resources, organizational development, community and economic development, public works, community services and cultural activities. City managers are expected to use their skills and abilities to support the city council and to ensure city residents receive quality and efficient city services. It is vital that they maintain the trust of their city councils and the citizens they serve. City managers serve at the pleasure of the city council and operate under a code of ethics through their professional organization (ICMA) that governs their conduct and ensures the highest level of integrity.

The standard practice for establishing the compensation of city managers should be reasonably based upon market conditions, transparent, and tied to experience and salaries at comparable agencies. Compensation should be based on the city manager’s job requirements, the complexity of both the make-up of the city organization and community, the leadership needed, labor market conditions, and the organization’s ability to pay. In addition to these factors, there are ethical considerations about what is just and fair. The salaries public employees receive impact public perception and trust.

The following guidelines are a combination of best practices and provisions of state law. They are intended to guide city councils in negotiating a city manager’s compensation package and/or contracts, but they should not be interpreted as requirements that must be precisely followed. They may also be used by city councils or city managers seeking to renew or amend current contracts. These guidelines support city councils in exercising reasonable judgment in determining at a local level the most appropriate terms of employment for the city manager.

Compensation Guidelines for City Managers

A starting point in any *salary negotiation* should be to:

- Determine the requirements of the job and the experience needed to successfully perform the job duties.
- Examine market conditions to learn what comparable public sector executives earn. A best practice would be to gather information using pre-determined comparable benchmark cities/agencies.
- Understand the services provided by the City along with the nature of the current issues in the City organization and in the community, and then compare these with the City Manager’s expertise and proven ability to resolve those issues. City Manager’s compensation should be set in relation to other top managers in the organization recognizing the highest level of responsibility and accountability of the position.
- Identify the City’s current financial position, its ability to pay, and the existing policies toward compensation relative to market conditions.

- The individual's credentials, experience and expertise may be used as factors to set salary.
- In areas where cost of living is high and the Council wants the manager to reside in the city, salary negotiations may take into account this unique situation. In addition, other unique and special circumstances may be taken into consideration, such as difficult recruitment markets and the particularly challenging needs of the public agency.

Compensation changes:

- Benefits and salary increases should be comparable to those that city managers receive within the designated benchmark cities or regional market area.
 - For cities that provide across-the-board cost of living adjustments (COLAs) a consistent and pre-determined measure for establishing the annual COLA should be followed. Many organizations use a local CPI for a specific timeframe along with expected salary increases of their benchmark agencies.
 - Annual increases should be consistent with those being made available to other employees within the organization.
 - Provisions regarding consideration of periodic merit adjustments or pay for performance should be pre-determined.
- City managers should avoid taking steps regarding their own pension that would serve to solely profit them. Examples include dramatically increasing salary thereby leading to pension spiking. Recommending or implementing single highest year to determine retirement benefits is not recommended.
- City managers should not put their personal compensation interests ahead of the good of the overall organization and that of the citizens.

Transparency:

- City managers should provide their total compensation package to the Council when requesting compensation changes so that the City Council has a comprehensive view of the City Manager's compensation. Issues related to City Manager compensation must be considered and approved in a public meeting.
- The salary plan and salary ranges for city positions, including the City Manager, should be publicly accessible on the agency's website.
- City managers should receive a single salary that recognizes all duties and responsibilities assigned rather than different salaries for different assignments.

General Compensation Practice Guidelines

- Each local government should establish benchmark agencies which are determined using set criteria, which may include, but are not limited to the following:
 - Close geographic proximity
 - Similar with regard to the number and nature of the services provided
 - Similar in employer size/population size
 - Other similar employers in the immediate area
- Each local government should develop appropriate compensation levels that are in line with their labor market. Doing so will enable the city to establish and maintain a reputation as a competitive, fair, and equitable employer as well as a good steward of public funds.
- When considering any salary or benefit changes, the immediate and anticipated long-term financial resources of the organization always should be taken into account.
- Ensure public notice is provided and any adjustment in the terms and conditions of the City Manager's compensation is approved at a regularly scheduled public meeting.