



Subcommittee on Employee Relations

Legislative Coordinating Commission

72 State Office Building
Phone: (651) 296-9002

St. Paul, MN 55155
TDD (651) 296-9896

www.ser.leg.mn
Fax: 651-297-3697

Date: November 30, 2017
To: Members of the Subcommittee
From: Greg Hubinger
Re: Local government salary limit waiver requests

Representative O'Neill has scheduled a meeting of the Subcommittee on Employee Relations for Thursday, November 30th at 10:00 a.m. in Room 10 of the State Office Building.

The Subcommittee has received requests for advice from the Commissioner of Minnesota Management and Budget (MMB) regarding salary limit waivers from three local units of government.

Background

Under Minn. Stat. 43A.17, Subd. 9, the maximum compensation that can be paid to an employee of a local unit of government or metropolitan agency is 110% of the salary of the governor. This limit is indexed by inflation, so that the compensation limit for 2017 is \$167,978. (The governor's salary is \$127,629. 110% of that salary is \$140,392.)

The statute permits MMB to waive that limit if it concludes that the position requires "special expertise necessitating a higher salary to attract or retain a qualified person." However, before the commissioner can grant such an exemption, the request must be presented to the Subcommittee on Employee Relations for its recommendation. The Subcommittee's recommendation is advisory only.

This provision applies to local units of government including cities, counties, and metropolitan agencies (school districts and publicly-owned hospitals are not included). A list of the previous requests for exemptions and the corresponding decisions by the commissioner is attached.

Salary limit exemption requests

MMB has requested an advisory recommendation from the Subcommittee on proposals to exempt the compensation limit for these positions:

City Manager, Eden Prairie. MMB concludes that a compensation limit of \$173,356 is reasonable and should be approved. MMB indicates that the position of City Manager requires special expertise, given its responsibility for overall operations administered by seven departments, with 800 employees and an annual budget of \$101 million.

The City's request for a waiver from the compensation limit is available at:
<https://www.ser.leg.mn/salaries/2017/Eden-Prairie-Request-5-17-17.pdf>

City Manager, Eden Prairie	
Current salary	\$170,000
Current limit (established through previous waiver)	\$172,720
Statutory limit (110% of governor salary, indexed)	\$167,978
Compensation limit requested	\$175,100
International City/County Management Association survey, Median salary (2016)	\$186,000
ICMA Midwest Average (2016)	\$182,543
City of Plymouth limit (previous waiver, 2016)	\$170,626
City of Edina limit (previous waiver, 2015)	\$170,285
City of Eagan limit (previous waiver, 2016)	\$170,626
MMB Proposed limit	\$173,356

Minneapolis Park and Recreation Board Superintendent. MMB concludes that a compensation limit of \$194,399 is reasonable and should be approved. MMB indicates that the position of Park Board Superintendent requires special expertise, given its responsibility to develop strategic plans, capital improvement programs, and reporting on progress in achieving Board goals and initiatives. The Superintendent oversees a 38 member park police force, manages eight labor contracts, and is responsible for 500 employees and a budget of \$110 million.

The Board's request for a waiver from the compensation limit is available at: <https://www.ser.leg.mn/salaries/2017/Supt-Mpls-Park-Rec-Bd-request.pdf>

Superintendent, Minneapolis Park Board	
Current salary	\$166,958
Statutory limit (110% of governor salary, indexed)	\$167,978
Compensation limit requested	\$194,399
Average of comparable positions: Chicago, Cleveland, Cincinnati, San Diego, Sacramento	\$194,399
MMB Proposed limit	\$194,399

City of Minneapolis positions. Minneapolis has requested waivers for eight managerial positions. The rationale for each of the requested waivers includes:

- Chief of Police: Directs largest police force in Minnesota, with 1,060 FTEs and a budget of \$163 million.
- Executive Director, Community Planning and Economic Development: This position sells developers and investors on the merits of Minneapolis as a city that supports businesses. The position oversees

- a staff of 240, and a budget of \$103 million.
- Director of Public Works: This position is responsible for the public infrastructure, including the water utility, enterprise operations, and capital improvement and maintenance functions for all city-owned infrastructure. The department has 1,098 employees, an operating budget of \$342 million, and a five-year capital budget of \$809 million.
 - City Coordinator: Provides leadership and direction in the coordination of city government. The Coordinator advises the Mayor and the Council on the impact of policy decisions, and works to align and mobilize department heads to implement city priorities. The position oversees the work of 764 FTEs and a departmental budget of \$191 million.
 - City Attorney: This position serves as the chief legal officer for the City, and provides advice to the mayor, the Council, bureau managers and other groups. The City Attorney's Office has 112 employees and a budget of \$18 million.
 - Assistant City Coordinator, Information Technology (Chief Information Officer): This position provides direction and leadership to design, develop and integrate its hardware and software at the enterprise level for city departments and functions. The position directs 96 employees and a budget of \$39 million.
 - Assistant City Coordinator, Finance: This position serves as the City's Chief Finance Officer, and provides direction to the City's Finance Department. The position oversees accounting, payroll cash and revenue management, procurement, risk and claims management, debt management and related duties. The position oversees 253 FTEs, and a budget of \$49 million.
 - Assistant City Coordinator, Convention Center: This position manages the Convention Center, and has oversight of Target Center. The Convention Center employs 174 FTEs and has a budget of \$54 million.

The City's requests for these waivers from the compensation limit are available at:

<https://www.ser.leg.mn/salaries/2017/Mpls-Requests-Combined-7-6-17.pdf>

City of Minneapolis positions					
	Current salary	Current limit (*previous waiver, indexed)	Compensation limit requested	Market estimate	MMB Proposed salary limit
Police Chief	\$167,978	\$174,064 *	\$200,000	\$185,564- \$215,270	\$200,000
Ex Dir: Planning & Dev	\$167,978	\$167,978	\$184,139	\$149,234- \$180,250	\$180,000
Director: Public Works	\$165,764	\$165,333	\$196,011	\$169,855- \$203,298	\$186,677
City Coordinator	\$177,317	\$180,788 *	\$200,000	\$207,286- \$216,300	\$200,000
City Attorney	\$173,355	\$173,355 *	\$190,000	\$187,526- \$216,300	\$190,000
Asst Coordinator: Info Technology	\$167,978	\$167,978	\$187,217	\$161,048- \$195,700	\$185,000
Asst Coordinator: Finance	\$164,854	\$167,978	\$185,000	\$169,146- \$212,180	\$185,000

City of Minneapolis positions					
	Current salary	Current limit (*previous waiver, indexed)	Compensation limit requested	Market estimate	MMB Proposed salary limit
Asst Coordinator: Convention Center	\$173,355	\$173,355 *	\$190,344	\$159,913- \$181,280	\$180,000

Please call me at 296-2963 if you have any comments or questions.

Attach: Salary cap waivers list
 Minn. Stat. 43A.17 Subd. 9 Compensation limit
 State agency head salaries

Requests/approvals for waiver from the local government salary limit

LCC Subcommittee on Employee Relations
November 20, 2017

	Date considered	Notes	Appointing Authority	Position	Current comp	Requestor's estimate of market rate	Request	Compensation recommended by Subc	Comp rec as % of gov salary	MMB/DOER action	Date of MMB/DOER action
1	9/26/1997	(1)	HCMC	CEO	107,112	> 200,000	176,200	176,200	146%	176,200	10/16/97
2	9/26/1997	(1)	HCMC	COO	98,982	> 150,000	136,200	136,200	113%	136,200	10/16/97
3	9/26/1997		HCMC	CFO	93,276	> 130,000	121,200	No waiver	NA	No waiver	10/16/97
4	12/13/1999	(2)	MetroTransit	General Manager	114,288	156,862	156,200	156,200	130%	156,200	1/1/00
5	12/13/1999	(2)	MAC	Executive Director	114,239	165,000	167,000	156,200	130%	156,200	1/1/00
6	2/22/2000	(3)	Douglas Cty Hospital	CEO	112,670	186,100	175,000	120% of governor	NA	\$155,000	3/17/00
7	11/15/2000		Metro Transit	Asst General Manager	114,288	135,000	150,750	150,750	125%	150,750	11/21/00
8	11/15/2000		Monticello-Big Lake Hosp.	Executive Director	114,231	189,400	189,400	145,000	121%	145,000	11/21/00
9	11/15/2000		Hennepin County	County Administrator	114,288	163,266	165,000	165,000	137%	165,000	11/21/00
10	11/15/2000		Hennepin County	Dep Administrator	114,288	130,626	145,000	131,000	109%	131,000	11/21/00
11	11/15/2000		Hennepin County	Asst Admin-Hum Srvces	114,288	135,477	135,000	125,000	104%	125,000	11/21/00
12	11/15/2000		Hennepin County	Asst Admin-Pub Works	114,288	134,606	135,000	125,000	104%	125,000	11/21/00
13	12/18/2000		City of Minneapolis	City of Minneapolis	109,632	126,454	121,763	126,000	105%	126,000	12/26/00
14	12/18/2000		City of Minneapolis	City Attorney	114,288	116,424	130,381	116,000	96%	116,000	12/26/00
15	12/18/2000		City of Minneapolis	ED, Convention Center	100,464	101,288	134,590	119,000	99%	119,000	12/26/00
16	12/18/2000		City of Minneapolis	City Coordinator	114,288	150,079	138,215	138,000	115%	138,000	12/26/00
17	12/18/2000		City of Minneapolis	Chief of Police	114,288	116,449	130,851	116,000	96%	116,000	12/26/00
18	12/18/2000		City of Minneapolis	Chief, Fire Dept	101,460	110,124	118,316	No waiver	NA	No waiver	12/26/00
19	12/18/2000		City of Minneapolis	Comm of Health	101,724	114,874	118,629	No waiver	NA	No waiver	12/26/00
20	12/18/2000		City of Minneapolis	Dir Human Resources	103,812	103,106	117,532	No waiver	NA	No waiver	12/26/00
21	12/18/2000		City of Minneapolis	Dir of Planning	101,460	104,555	118,316	No waiver	NA	No waiver	12/26/00
22	12/18/2000		City of Minneapolis	Dep Dir, Pub Works	89,880	98,960	122,233	No waiver	NA	No waiver	12/26/00
23	12/18/2000		City of Minneapolis	Finance Officer	114,979	109,431	123,800	No waiver	NA	No waiver	12/26/00
24	12/18/2000		City of Minneapolis	Chief Info Officer	114,288	101,934	130,966	No waiver	NA	No waiver	12/26/00
25	12/18/2000		City of Minneapolis	City Engineer	114,288	111,384	138,118	No waiver	NA	No waiver	12/26/00
26	12/18/2000		City of Minneapolis	Dir Employee Svcs	109,188	81,396	121,273	No waiver	NA	No waiver	12/26/00
27			Rice Memorial Hospital	CEO	113,908	210,600	210,600	160,000	133%	160,000	3/29/01
28	2/1/2002		Dakota County	County Administrator	114,288		142,000	118,900	99%	118,288	2/2/02
29	2/1/2002		St. Louis County	County Administrator	116,722		125,000	118,900	99%	118,288	2/20/02
30	3/18/2002		Rochester Public Utility	General Manager	114,288	165,000	130,000	130,000	108%	122,000	4/1/02
31	4/25/2002		District One Hospital-Faribault	CEO	114,661	191,000	160,000	160,000	133%	155,000	5/6/02
32	6/28/2002		Hutchinson Area Health Care	Cert. Reg. Nurse Anesth.	125,549	150,000	155,000	135,000	112%	135,000	7/26/02
33	6/28/2002		Mercy Hospital, Moose Lake	Cert. Reg. Nurse Anesth.	120,288	150,000	135,000	135,000	112%	135,000	7/26/02
34	8/26/2002		City of Rochester	City Administrator	114,288	141,400	125,000	130,000	108%	120,000	9/12/02
35	8/26/2002		City of St. Louis Park	City Manager	114,288	131,389	131,389	130,000	108%	116,600	9/12/02
36	8/26/2002		City of Minnetonka	City Manager	114,288	145,111	145,111	130,000	108%	116,600	9/12/02
37	8/26/2002		Minneapolis Public Library	Executive Director	103,796	135,000	135,000	130,000	108%	130,000	11/26/02
38	8/26/2002		Local Gov't Information Systems	Executive Director	114,288	161,775	150,000	130,000	108%	120,000	9/12/02
39		(2)	City of Bloomington	City Manager	117,288	132,046	144,000			120,000	11/13/03
40		(2)	City of Hutchinson	Utilities Commission Mgr	114,300		135,000			No waiver	1/13/03
41		(2)	Olmsted County	County Administrator	114,971		121,064			122,000	1/13/03
42		(2)	Olmsted County	Public Works Director	113,600		120,569			No waiver	1/13/03
43		(4)	Olmsted County	Compensation plan						No waiver	1/13/03
44		(2)	Anoka County	County Administrator	114,282	144,737	144,737			130,000	1/13/03
45		(2)	Anoka County	Human Svcs Div Mgr	114,282	130,324	132,277			116,600	1/13/03
46		(2)	Anoka County	Fin & Cntrl Svcs Div Mgr	107,063	133,060	119,245			No waiver	1/13/03
47		(2)	Dakota County	County Administrator	118,288	158,000	146,600			130,000	1/13/03
48		(2)	Regions Hospital	VP, Regulated Hosp Partner	184,100		240,000			220,000	1/13/03
49		(2)	Regions Hospital	VP, Patient Care Svcs	140,490		200,000			143,000	1/13/03
50		(5)	Ramsey County	County Manager	114,288		140,000			No waiver	8/19/03
51		(6)	City of Minneapolis	Chief of Police	116,000	142,000	142,000			135,000	12/22/03
52	3/5/2004		Ramsey County	County Manager	114,288	144,000	140,000	140,000	116%	No waiver	3/23/04
53	3/5/2004		Washington County	County Administrator	114,282	135,800	135,000	130,000	108%	No waiver	3/23/04
54		(7)	Hennepin County	Library Director	114,288	134,178	130,000			No waiver	4/12/04
55		(8)	Olmsted County	Chief Financial Officer		153,500	124,000			No waiver	1/26/2005
56		(8)	Olmsted County	Public Works Director			not stated			No waiver	1/26/2005
57		(9)	Duluth Seaway Port Authority	Executive Director	114,287	136,000	150,000			No waiver	7/1/2005
58		(10)	Hennepin County	Library Director	144,711		160,000			No waiver	11/3/2008
59		(6)	Metropolitan Airports Commission	Executive Director	200,095	274,412	240-280,000			240-280,000	12/17/2015
60		(6)	City of Edina	City Manager	165,003	223,412	173,250			170,285	12/17/2015
61		(6)	City of Plymouth	City Manager	164,936	175,000	175,000			170,626	5/3/2016
62		(6)	City of Eagan	City Manager	166,344	175,000	173,600			170,626	
63		(6)	City of Eden Prairie	City Manager	165,333	175,000	170,000			170,000	10/13/2016
64		(6)	Duluth Port Authority	Executive Director	165,333	225,971	217,488			217,488	2/21/2017
65		(6)	Washington County	County Administrator	165,333	204,259	204,259			189,428	2/21/2017
66		(6)	Washington County	Deputy County Administrator	160,985	178,418	178,418			170,485	2/21/2017
67		(6)	City of Woodbury	City Administrator	165,333	173,589	171,946			170,626	2/21/2017

- (1) The dollar amount recommended by the Subcommittee and adopted by DOER includes up to \$1,200 in stability pay.
- (2) No action taken by Subcommittee within 30 days. Considered positive recommendation under 43A.17.
- (3) The Subcommittee's recommendation was expressed as a percent of the governor's salary, which equaled \$144,364. DOER's decision was expressed as \$ amount.
- (4) The County requested a waiver for its compensation plan. The statute provides for waivers for individual positions only.
- (5) Request submitted 6/18/03, and declined by DOER 8/19/03. DOER did not consult the Subcommittee, since not required if commissioner intends to decline request.
- (6) No action taken by Subcommittee within 30 days. Considered under 43A.17 as no recommendation. DOER approve increase 12/22/03
- (7) Request submitted 2/19/04, and declined by DOER 4/12/04. DOER did not consult the Subcommittee, since not required if commissioner intends to decline request.
- (8) Request submitted 12/13/04, and declined by DOER 1/26/05. DOER did not consult the Subcommittee, since not required if commissioner intends to decline request.
- (9) Request submitted 2/22/05 and declined by DOER 7/1/2005. DOER did not consult the Subcommittee, since not required if commissioner intends to decline request.
- (10) Request submitted 10/1/2008, and declined by DOER 11/3/2008. DOER did not consult the Subcommittee, since not required if commissioner intends to decline request.

Minnesota Statutes 2017, section 43A.17

Subd. 9. Political subdivision compensation limit.

(a) The salary and the value of all other forms of compensation of a person employed by a political subdivision of this state, excluding a school district, may not exceed 110 percent of the salary of the governor as set under section 15A.082, except as provided in this subdivision. For purposes of this subdivision, "political subdivision of this state" includes a statutory or home rule charter city, county, town, metropolitan or regional agency, or other political subdivision, but does not include a hospital, clinic, or health maintenance organization owned by such a governmental unit.

(b) Beginning in 2006, the limit in paragraph (a) must be adjusted annually in January. The limit must equal the limit for the prior year increased by the percentage increase, if any, in the Consumer Price Index for all-urban consumers from October of the second prior year to October of the immediately prior year.

(c) Deferred compensation and payroll allocations to purchase an individual annuity contract for an employee are included in determining the employee's salary. Other forms of compensation which must be included to determine an employee's total compensation are all other direct and indirect items of compensation which are not specifically excluded by this subdivision. Other forms of compensation which must not be included in a determination of an employee's total compensation for the purposes of this subdivision are:

(1) employee benefits that are also provided for the majority of all other full-time employees of the political subdivision, vacation and sick leave allowances, health and dental insurance, disability insurance, term life insurance, and pension benefits or like benefits the cost of which is borne by the employee or which is not subject to tax as income under the Internal Revenue Code of 1986;

(2) dues paid to organizations that are of a civic, professional, educational, or governmental nature; and

(3) reimbursement for actual expenses incurred by the employee which the governing body determines to be directly related to the performance of job responsibilities, including any relocation expenses paid during the initial year of employment.

The value of other forms of compensation is the annual cost to the political subdivision for the provision of the compensation.

(d) The salary of a medical doctor or doctor of osteopathic medicine occupying a position that the governing body of the political subdivision has determined requires an M.D. or D.O. degree is excluded from the limitation in this subdivision.

(e) The commissioner may increase the limitation in this subdivision for a position that the commissioner has determined requires special expertise necessitating a higher salary to attract or retain a qualified person. The commissioner shall review each proposed increase giving due consideration to salary rates paid to other persons with similar responsibilities in the state and nation. The commissioner may not increase the limitation until the commissioner has presented the proposed increase to the Legislative Coordinating

Commission and received the commission's recommendation on it. The recommendation is advisory only. If the commission does not give its recommendation on a proposed increase within 30 days from its receipt of the proposal, the commission is deemed to have made no recommendation. If the commissioner grants or granted an increase under this paragraph, the new limitation must be adjusted beginning in August 2005 and in each subsequent calendar year in January by the percentage increase equal to the percentage increase, if any, in the Consumer Price Index for all-urban consumers from October of the second prior year to October of the immediately prior year.

AGENCY HEAD SALARIES
LCC Subcommittee on Employee Relations
11/27/2017

Group ⁽²⁾	AGENCY	1/2013 ^(5,6,7)	1/2014	1/5/2015	2/27/2015	7/1/2015 ⁽¹⁰⁾
I	ADMINISTRATION	\$113,817	\$119,517	\$144,991	\$119,517	\$144,991
I	AGRICULTURE	\$113,817	\$119,517	\$144,991	\$119,517	\$144,991
I	COMMERCE	\$113,817	\$119,517	\$144,991	\$119,517	\$144,991
I	CORRECTIONS	\$113,817	\$119,517	\$150,002	\$119,517	\$150,002
I	EDUCATION	\$113,817	\$119,517	\$150,002	\$119,517	\$150,002
I	EMPLOYMENT & ECONOMIC DEVELOP	\$113,817	\$119,517	\$150,002	\$119,517	\$150,002
I	Mn MANAGEMENT AND BUDGET	\$113,817	\$119,517	\$154,992	\$119,517	\$154,992
II	GAMBLING CONTROL BOARD	\$90,536	\$99,451	\$119,997	\$99,451	\$119,997
I	HEALTH	\$113,817	\$119,517	\$150,002	\$119,517	\$150,002
I	OFFICE OF HIGHER EDUCATION	\$113,817	\$119,517	\$144,991	\$119,517	\$144,991
I	HOUSING FINANCE	\$113,817	\$119,517	\$144,991	\$119,517	\$144,991
I	HUMAN RIGHTS	\$113,817	\$119,517	\$140,000	\$119,517	\$144,991
I	HUMAN SERVICES	\$143,821		\$154,992	\$143,821	\$154,992
II	IRON RANGE RESOURCES & REHAB	\$100,433	\$105,465	\$140,000	\$105,465	\$140,000
I	LABOR & INDUSTRY	\$113,817	\$119,517	\$144,991	\$119,517	\$144,991
II	MEDIATION SERVICES	\$100,433	\$105,465	\$140,000	\$105,465	\$140,000
II	MENTAL HEALTH OMBUDSMAN	\$92,874	\$97,510	\$119,997	\$97,510	\$119,997
I	NATURAL RESOURCES	\$113,817	\$119,517	\$154,992	\$119,517	\$154,992
II	PARI-MUTUEL RACING		\$113,999	\$115,988	\$113,999	\$115,988
I	POLLUTION CONTROL	\$113,817	\$119,517	\$150,002	\$119,517	\$150,002
I	PUBLIC SAFETY	\$113,817	\$119,517	\$154,992	\$119,517	\$154,992
II	PUBLIC UTIL COMM (5 members)	\$92,853	\$97,489	\$125,009	\$97,489	\$140,000
I	REVENUE	\$113,817	\$119,517	\$154,992	\$119,517	\$154,992
II	SCHOOL TRUST LANDS DIRECTOR					\$125,009
I	TRANSPORTATION	\$113,817	\$119,517	\$154,992	\$119,517	\$154,992
I	VETERAN'S AFFAIRS	\$113,817	\$119,517	\$144,991	\$119,517	\$144,991
II	METRO COUNCIL CHAIR ⁸	\$61,414		\$144,991	\$122,828	\$144,991
III	METRO AIRPORT COMM CHAIR					\$30,000
	Other agency heads					
	INVESTMENT BOARD ⁽⁴⁾	\$325,000				
	OFFICE OF MnIT ⁽⁹⁾	\$129,853	\$133,757	\$150,002		
	MN STATE RETIREMENT SYSTEM ¹¹	\$120,002	\$126,003			\$144,991
	PUBLIC EMPLOYEE RETIRE ASSOC ¹¹	\$120,002	\$126,003			\$144,491
	TEACHERS RETIREMENT ASSOC ¹¹	\$120,002	\$126,003			\$144,991
	MnSCU CHANCELLOR ⁽¹⁾	\$380,410	\$387,250			\$390,000