



DATE: April 22, 2014

CATEGORY: New Business

DEPT.: Council Procedures Committee

TITLE: **Council Compensation –
Consideration of a Charter
Amendment**

RECOMMENDATION

Review the report and recommendations of the Council Procedures Committee relative to Council Compensation and Charter Amendment and provide further direction to staff and/or the Council Procedures Committee.

BACKGROUND

At the November 19, 2013 City Council meeting, the Council directed the Council Procedures Committee (CPC) to further study and evaluate the possibility of a Charter amendment to adjust Council compensation. On February 18 and March 18, 2014, the CPC discussed the topic and presents this report to the City Council for further consideration.

ANALYSIS

The California Constitution allows a charter city to govern subjects that are “municipal affairs” and specifically reserves to charter cities the right to provide for “compensation” for its “municipal officers” (California Constitution Article XI, Section 5(a) and (b)). As a California charter city, Mountain View may establish how members of the City Council are compensated in its Charter. City Charter Section 503 addresses compensation for Councilmembers and, in an amendment to the City Charter, Mountain View voters established California Government Code Section 36516(a) as the standard for setting Council compensation. Government Code Section 36516 sets salaries for City Councilmembers based on population increments, and was last modified in 1984. Per the salary amounts in this statute, the Council’s salary was adjusted from \$500 per month to \$600 per month on January 1, 2012, when the City’s population rose to 75,001. This amount is the salary for Councilmembers in general law cities with populations of 75,001, and up to and including 150,000. This provision of the Charter also provides for an additional 25 percent in salary for the Mayor.

In order to amend Council compensation, voter approval of an amendment to Charter Section 503 is required. This section states:

“Each member of the city council shall receive as salary, each month, that sum which has been established by the state legislature as the salary limit for members of the city council of general law cities having that population range within which the City of Mountain View falls, all as is specified in Government Code Section 36516(a) as it now exists or may be hereafter amended or recodified to read. The mayor shall receive as salary, each month, that amount as calculated for a councilmember above, plus an additional twenty-five percent (25%) of said sum. Notwithstanding the foregoing, the city council shall have no power to increase its salary by ordinance, resolution, or motion. If a member of the city council, or mayor, does not attend all meetings of the city council or study sessions called on order of the city council and held during the month, that person’s salary for such month shall be reduced by the sum of twenty-five dollars (\$25) for each meeting or study session not attended unless that person is absent on official duty with the consent of or on order of the city council.”

PRIOR AMENDMENTS TO SECTION 503

Section 503 of the City Charter has been amended three times since it was adopted in 1952. On April 9, 1968, voters approved the first amendment to Section 503, increasing the compensation from \$10 per month to \$250 per month and linking the amount to be paid to Councilmembers to the City’s population as set forth in State law governing general law cities. The pay differential for the Mayor and the \$25 deduction for missed meetings were also introduced in this amendment. The available legislative history does not provide an explanation for the inclusion of the deduction in this Charter amendment.

The voters amended this section for the second time on June 3, 1980, when they approved amendments to 28 different Charter provisions in order to delete all gender references.

On November 6, 1984, the voters approved a third amendment to Section 503. This amendment removed the salary amount of \$250 and added a specific reference to Government Code Section 36516, specifically limiting Council salaries to the salaries for general law cities based on the population of the City. Language was also added that the City Council could not increase its salary by ordinance, resolution, or motion. The Charter provision has remained the same since 1984.

In 2006, the City Council voted to place a Charter amendment measure on the November 2006 ballot to increase Council compensation to a new baseline amount of \$1,500 per month with automatic future adjustments to be indexed to Consumer Price Index (CPI). The ballot measure failed by a vote of 48.36 percent (8,585 votes) to 51.64 percent (9,168 votes).

PROPOSED MEASURE

The CPC met on February 18 and March 18, 2014 to discuss potential modifications to Section 503 of the City Charter relating to Council Compensation. After much discussion, the CPC proposed a new baseline salary for Councilmembers of \$1,200 per month, with an automatic annual adjustment indexed to the Bay Area CPI of up to five percent (5%). For reference, if adjusted for inflation, the \$500 monthly salary of the Councilmembers in 1984 would be \$1,208 today, if adjusted for inflation. The CPC also considered the effective date of the amendment, should voters approve the Charter amendment, and recommended it apply to all Councilmembers as of January 1, 2015.

The recommendation from the CPC to the City Council is for the following proposed ballot language:

Should the City of Mountain View amend Section 503 of the City Charter to limit the base salary of Councilmembers to \$1,200 per month, with an annual adjustment based on CPI?

In addition to the question of salary, the CPC recommends additional changes to the Charter provision, as outlined below:

Clarify What is Included in Salary

In accordance with Government Code Section 36516(d), any amounts paid by a city for retirement, health and welfare, and Federal Social Security benefits shall not be included for purposes of determining salary, provided the same benefits are available and paid by the City for its employees.

Clarify Deduction for Missed Meetings

Charter Section 503 currently provides that Councilmembers' salaries shall be reduced by \$25 for "each meeting or study session not attended..." unless excused by the Mayor or for official City business. Staff previously identified that the term "meeting" should be clarified and the CPC subsequently proposed that the deduction should only apply

to “Regular” Meetings, and not include Study Sessions or Special Meetings. The Charter amendment proposed by the CPC is included in this report as Attachment 1.

COMPENSATION SURVEY

In the November 19, 2013 report to the City Council from the CPC, a compensation and benefits survey of cities in Santa Clara County was provided. This information is also included in this report as Attachment 2.

BALLOT MEASURE PROCESS

A ballot measure to adjust Council compensation could be placed on the November 4, 2014 General Election ballot. The Council must take formal action by August 8, 2014 to place this item on the ballot.

FISCAL IMPACT

The cost to conduct the General Municipal Election on November 4, 2014 for the Charter amendment, as estimated by the Registrar of Voters (ROV), is \$85,000. Adding an additional ballot measure would increase the costs by approximately \$67,000, totaling \$152,000 for the Council candidates and ballot measure election costs. If the Council chooses this option, an additional \$67,000 appropriation would be required for the ballot measure. These funds could be adopted with the Fiscal Year 2014-15 budget and funded from the available carryover funds from Fiscal Year 2013-14.

The current annual Council salary budget totals \$52,200. If the Charter amendment passes, the new annual Council salary budget will be \$104,400. The additional annual fiscal impact would be \$52,200, plus annual cost-of-living adjustments. If Council authorizes a ballot measure, and it is successful as currently drafted, it would be effective in the middle of Fiscal Year 2014-15. A midyear budget adjustment would be required at that time if the impact could not be absorbed in the operating budget.

ALTERNATIVES

1. Direct staff to prepare the necessary documents to submit a Charter amendment measure to the voters during the November 4, 2014 General Municipal Election.
2. Keep the City Council compensation at the current level pursuant to City Charter Section 503.

3. Consider an alternative amount and/or an alternative effective date for any Charter amendment increase proposed in the amount of Council compensation for a Charter amendment measure.
4. Provide additional direction to staff and/or the CPC regarding the issue of Council Compensation.

PUBLIC NOTICING – Agenda posting.

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JMcA/JLQ/7/CAM
001-04-22-14CR-E

- Attachments:
1. Council Procedures Committee Proposed Charter Amendment for Section 503
 2. Survey of Council Compensation