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CITY OF OAKLAND



CITY HALL • ONE FRANK H. OGAWA PLAZA • OAKLAND, CALIFORNIA 94612

PATRICIA KERNIGHAN
Councilmember
District 2

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FAX (510) 238-6910
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TO: CITY COUNCILMEMBERS

FROM: COUNCIL PRESIDENT PATRICIA KERNIGHAN

DATE: JULY 9, 2014

RE: PROPOSED RESOLUTION REGARDING CITY COUNCILMEMBER SALARIES IN FY 2014-2015

RECOMMENDATION

Approval of a Resolution Waiving The Full Salary Amount Authorized By The Public Ethics Commission For City Councilmembers And Instead Accepting A Salary Of \$76,100.00 For FY 2014-2015, Which Represents A 2.4 Percent Cost-Of-Living Increase Over The Salary That Most Councilmembers Received In FY 2013-2014.

EXECUTIVE SUMMARY

The proposed resolution would provide a vehicle for Councilmembers to indicate whether to decline the Public Ethics Commission-approved and automatically applied salary of \$81,550.11 for FY 2014-15, and instead to accept a salary of \$76,100.00 for FY 2014-2015, which represents a 2.4 percent cost-of-living increase over the salary that most councilmembers received in FY 2013-2014. Accepting the full \$81,550.00 would exceed the budgeted amount for councilmember salaries in the FY 2014-2015 budget by \$73,159.

OUTCOME

The resolution will establish each Councilmember's request regarding what portion of the authorized salary increase he or she will decline, if any. This decision will also guide the City's Budget staff in determining if an amendment is necessary to the City budget, and if so, by what amount.

Item: _____
Special City Council
July 29, 2014

BACKGROUND

See attached Memorandum and Public Ethics Commission Resolution 14-02 for details on the PEC action recommending a 2.4 percent increase to City Council salaries.

During the Great Recession, the City Council declined or waived the salary increase recommended by the PEC for several years. Below is a summary of past actions by the City Council. In the City budget, past practice has been to budget for the salary amount agreed upon by the City Council in order to reflect and benefit from the budgetary savings resulting from increases declined by City Council.

Fiscal Year	PEC %	Declined/ Waived
FY 2010-11	1.7%	1.7%
FY 2011-12	2.8%	2.8%
FY 2012-13	2.1%	2.1%
FY 2013-14	2.4%	0.4%

COST SUMMARY/IMPLICATIONS

The 2014-15 adopted mid-cycle budget does not include the full Public Ethics Commission-authorized increase. Instead, the budget provides for a 2.4 percent increase on current City Council salaries. The budgeted cost for the salary increase is based on the maximum annual salary amount currently received by most Councilmembers (\$74,316.59), plus the 2.4 percent increase authorized by the Commission for FY 2014-15, for a total of \$76,100. The budgeted increase of \$23,481 covers the total burdened cost of the Councilmember salary increases.

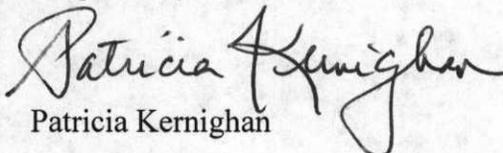
The Public Ethics Commission-authorized salary of \$81,550.11 is based on the total amount of the cumulative increases authorized by the Commission over the years, not the actual amount currently accepted and received by Councilmembers. The fully burdened cost to accept the salary authorized by the PEC for all Councilmembers would be an additional \$73,159 for a total cost of \$96,640. If Councilmembers take no action, the Public Ethics Commission-authorized salary of \$81,550.11 will be effective July 1, 2014, resulting in a burdened cost of \$73,159 over budget.

Item: _____
Special City Council
July 29, 2014

I recommend that the Council approve the attached Resolution, which waives the full increase authorized by the PEC and instead accepts a 2.4% increase on top of the salary which Councilmembers actually received in FY 2-13-2014, for a total of \$76,100.

For questions regarding this report, please contact Jennie Gerard: 510-238-7023 or jgerard@oaklandnet.com.

Respectfully submitted,


Patricia Kernighan

Oakland City Council President

Attachments:

1. Memorandum Re: Mandated City Council Salary Adjustment
2. Public Ethics Commission Resolution 14-02

CITY OF OAKLAND
Public Ethics Commission

Benjamin Kimberley, Chair
Eddie Tejada, Vice Chair
Monique Rivera
Stephen Shefler
Sonya Smith
Jenna Whitman
Carol Wyatt



TO: Donna Hom, Assistant City Administrator
FROM: Whitney Barazoto, Executive Director
DATE: June 4, 2014
RE: Mandated City Council Member Salary Adjustment

Each year, the Public Ethics Commission is required to adjust the City Councilmember salary level according to the increase to the Consumer Price Index (CPI) for the preceding year, and to make additional salary increases as deemed necessary by the Commission, up to a maximum total of 5 percent. This memorandum communicates the Commission's decision on June 2, 2014, to increase the salary amount by the CPI (2.4 percent) as mandated by City Charter.

Background

Section 202 of the City Charter requires the Public Ethics Commission to set City Councilmember compensation in the following manner:

Beginning with Fiscal Year 2003-2004, the Public Ethics Commission shall annually adjust the salary for the office of Councilmember by the increase in the consumer price index over the preceding year. The Commission may adjust salaries beyond the increase in the consumer price index up to a total of five percent. Any portion of an increase in compensation for the office of Councilmember that would result in an overall increase for that year in excess of five percent must be approved by the voters. [Oakland City Charter, Sec. 202(c)]

Councilmembers generally have declined the Commission-authorized salary increases for the last 4 years and now take an annual salary of \$74,316.59, roughly the same amount authorized by the Commission in June 2010. Councilmember Elizabeth Schaaf and Councilmember Dan Kalb voluntarily receive \$72,859.27.

CPI Adjustment

According to the U.S. Bureau of Labor Statistics, the Consumer Price Index for All Urban Consumers in the San Francisco-Oakland-San Jose metropolitan area rose **2.4 percent** over the last 12 months.¹ On June 2, 2014, the Commission issued a resolution authorizing the required 2.4 percent increase and putting the total new salary for City Councilmembers at **\$81,550.11**.

¹ U.S. Bureau of Labor Statistics. San Francisco Region Consumer Price Index. February 2013 – February 2014. <http://www.bls.gov/ro9/episanf.htm>. Website accessed April 16, 2014.

The table below shows salary increases approved by the Commission since 2004.

City Council Salary Adjustments

Year	PEC Authorized Increase (%)	Salary Amount with Increase (\$)
June 2014	2.4 (CPI)	81,550.11
June 2013	2.4 (CPI)	79,638.78
June 2012	2.1 (CPI)	77,772.25
June 2011	2.8 (CPI)	76,172.62
June 2010	1.7 (CPI)	74,097.88
June 2009	0.8 (CPI)	72,859.28*
June 2008	2.9 (CPI)	72,281.04
June 2007	5	70,243.94
July 2006	4	66,899.04
July 2005	2.1 (CPI)	64,326.08
June 2004	5	63,003.94

Salary Ordinance

Staff suggests that, when the City next amends its salary ordinance, the ordinance should accurately reflect the total authorized salary amount available to Councilmembers, which, as of June 2, 2014, should be \$81,550.11 annually, or roughly \$6795.84 per month.

Result of PEC Increase

Once the Public Ethics Commission issues a resolution adjusting the salary for City Councilmembers, the increase is automatically applied unless City Councilmembers voluntarily and affirmatively decline the increase, as has been done in previous years. However, that determination is made by the Councilmembers themselves and is separate from the salary amount stated in the ordinance and available to Councilmembers.

CITY OF OAKLAND
Public Ethics Commission



RESOLUTION NO. 14-02
[Adopted 6-2-14]

By action of the Oakland Public Ethics Commission:

WHEREAS, Oakland City Charter Section 202(c) requires the Public Ethics Commission (Commission) to annually adjust City Councilmember salaries by the increase in the Consumer Price Index over the preceding year and to optionally adjust salaries beyond the increase in the Consumer Price Index up to a total of five percent; and

WHEREAS, the Commission-authorized annual salary for Oakland City Councilmembers is \$79,638.78 effective July 2013; and

WHEREAS, Oakland City Councilmembers have declined salary increases for the past four years and are currently taking a salary of \$74,316.59 or less; and

WHEREAS, the consumer price index for the San Francisco Bay Area increased by a total of 2.4 percent between April 2013 and April 2014; and

WHEREAS, Oakland continues to face General Fund budget shortfalls for Fiscal Year 2014-2015, with imposed reductions of 3% across City departments for FY 2014-15;

Now, therefore be it:

RESOLVED, that the Commission does hereby authorize a salary increase of 2.4 percent for the office of City Councilmember as mandated by City Charter Section 202(c), for a total annual salary of \$81,550.11, effective as of the first payroll period of Fiscal Year 2014-15; and

RESOLVED, that the Commission does not authorize any additional increase beyond that required by the Oakland City Charter.

RESOLVED, that this resolution supersedes the Commission's Resolution 14-01, issued at the Commission's May 5, 2014, meeting.

CERTIFICATION RE: APPROVAL OF RESOLUTION

The foregoing Resolution was presented for approval at a duly noticed meeting of the City of Oakland Public Ethics Commission held on June 2, 2014, where a quorum of the membership of the Commission was present. The Commission approved the resolution by a vote of ____ to ____.

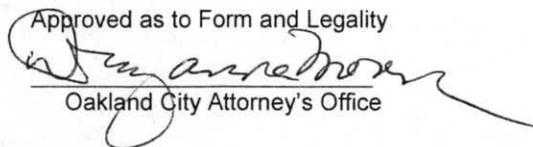
I hereby certify that the foregoing is true and correct.

Whitney Barazoto, Executive Director
Oakland Public Ethics Commission

Date

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Approved as to Form and Legality



Oakland City Attorney's Office

OAKLAND CITY COUNCIL

Resolution No. _____ C.M.S.

INTRODUCED BY COUNCIL PRESIDENT PATRICIA KERNIGHAN

RESOLUTION CONTINUING TO WAIVE PAST SALARY INCREASES AUTHORIZED BY THE PUBLIC ETHICS COMMISSION FOR CITY COUNCILMEMBERS AND INSTEAD ACCEPT A SALARY OF \$76,100.00 FOR FY 2014-2015, WHICH REPRESENTS A 2.4 PERCENT INCREASE OVER THE SALARY THAT MOST COUNCILMEMBERS RECEIVED IN FY 2013-2014

WHEREAS, the Oakland City Charter Section 202(c) requires the Public Ethics Commission (Commission) to annually adjust City Councilmember salaries by the increase in the Consumer Price Index over the preceding year and to optionally adjust salaries beyond the increase in the Consumer Price Index up to a total of five percent; and

WHEREAS, the Commission-authorized annual salary for Oakland City Councilmembers is \$81,550.11 effective July 2014; and

WHEREAS, Oakland City Councilmembers have declined salary increases for the past four years and are currently taking a salary of \$74,316.59 or less; and

WHEREAS, the Consumer Price Index for the San Francisco Bay Area increased by a total of 2.4 percent between April 2013 and April 2014; and

WHEREAS, Oakland continues to face General Fund budget challenges for Fiscal Year 2014-2015; now, therefore be it

RESOLVED: That the City Council hereby continues to waive past salary increases authorized by the Public Ethics Commission that would increase the salary to an amount over \$76,100.00 and instead cap the council salary at \$76,100.00 for fiscal year 2014-2015, which represents a 2.4 percent increase over the salary that most councilmembers received in fiscal year 2013-2014; and be it

FURTHER RESOLVED: That an affirmative vote on this resolution serves as notice to the City Administrator of such Councilmember's decisions to continue to waive past salary increases and cap their councilmembers salaries at \$76,100.00 for fiscal year 2014-2015; and be it

FURTHER RESOLVED: That in accordance with City Charter Section 202(C) the salary of each Councilmember who votes against this Resolution shall be adjusted to include all past salary increases that were waived and the most recent 2.4 percent salary increase approved by the Public Ethics Commission for fiscal year 2014-2015, and shall not be capped at \$76,100.00 for fiscal year 2014-2015; and be it

FURTHER RESOLVED: That the salary of any Councilmember who is absent or who abstains from voting on this Resolution shall be adjusted to include all past salary increases that were waived and the most recent 2.4 percent salary increase approved by the Public Ethics Commission for fiscal year 2014-2015, and shall not be capped at \$76,100.00 for fiscal year 2014-2015.

IN COUNCIL, OAKLAND, CALIFORNIA,
PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, GALLO, KALB, KAPLAN, McELHANEY, REID, SCHAAF AND PRESIDENT
KERNIGHAN

NOES
AYES
ABSTAIN

ATTEST: _____
LATONDA SIMMONS
City Clerk and Clerk of the Council of
the City of Oakland, California