

City of Georgetown, Texas

April 27, 2010

SUBJECT:

Second Reading of an Ordinance amending Section 2.16.010 and 2.16.020 of the Code of Ordinances as it pertains to the **compensation or expense reimbursement for the Mayor and Councilmembers** -- Ben Oliver, Chair, Compensation Committee

ITEM SUMMARY:

The first reading of this Ordinance was approved by the City Council at their April 13, 2010 meeting by a vote of 6-1 with Councilmember Ross opposed.

Please see below for the recommendations from the Council Compensation Committee as well as a listing of proposed changes to the Ordinance.

The Council Compensation Committee was appointed by Mayor Garver on March 1, 2010 to review the current system of council (and mayor) compensation and to make recommendations for any change. A copy of our final report and the draft ordinance that incorporates our recommendations is attached.

Our report contains recommendations that are designed to remove some of the ambiguity we discovered in the operation of the current system and to bring the council compensation more into line with city operations generally. We are in no way questioning the honesty or integrity of the process as it has been applied the last two years. But we found that the current system can be subject to differing plausible interpretations, and so it is important to clarify the kinds of compensation being paid to council members and the basis upon which that compensation is paid.

The committee recommends the continuation of two types of compensation for council service but wishes to clarify what is being done in a way that maintains equity in reporting within the city's operations and provides the citizens of Georgetown the transparency in actions that they deserve.

Our four recommendations are as follows:

1. The \$300 a month for council members and \$450 a month for the mayor should be continued, and this payment should be clearly identified as salary which is paid for services rendered.
2. The optional \$800 a month supplementary compensation should be continued, with this amount a cap on maximum monthly payments, not an automatic amount. The committee felt strongly that the argument for this payment made in the 2008 report was sound - that it provides a financial basis for encouraging council membership to a fuller spectrum of citizens. However,

we also felt that it was important to compensate council members for out of pocket expenses incurred by virtue of council membership.

3. Hence, our third recommendation is that council members and the mayor be compensated for up to an additional \$800/month for two distinct forms of financial loss: loss of income because of engagement in city business during one's normal working hours; and out of pocket expenses connected with city service.
4. Finally, since the \$800 supplemental compensation is a variable amount, requests for reimbursement are to be made on a monthly basis. Council members will report itemized expenses and identify the amount of lost income resulting from city service (based on hours spent during normal working hours and an appropriate hourly rate). Since council members and the mayor are ultimately responsible to the citizens, one's signature on an appropriately documented reimbursement request and on a lost income request is sufficient.

The committee did consider whether to recommend the option of council members participation in the city's benefits programs – without additional cost to the city. We did not take any action in this regard, but recognize that council may wish to initiate such a review in the future. The committee did not take action because benefits issues are quite complex, a great deal of additional information about other city's policies in this area would be required, and the current economic climate is such that it would be unwise to allow the perception to grow that the council wished to increase its total compensation package.

FINANCIAL IMPACT:

Since the committee's recommendations do not call for any increase in the compensation level for council members and the mayor over current levels there is no additional budget expense in the recommendations themselves. Current expenditures for salary and supplemental compensation to council members are \$30,600 for salaries and \$57,600 for supplemental compensation on an annualized basis, for a total of \$88,200. Whether in the future under the committee's proposal all council members and the mayor receive the maximum of \$800 a month for lost income and expenses cannot be determined at this time. However, if council members who are not currently taking the optional supplemental compensation decide to do so and at the maximum rate, the increase in this budget line on a fiscal year basis would be \$19,200.

SUBMITTED BY:

Ben Oliver, Chair, Compensation Committee

ATTACHMENTS:

Proposed Council Compensation Ordinance
Council Compensation Committee Report
