



CITY COUNCIL STUDY SESSION REPORT

MEETING DATE: October 11, 2005 **ITEM NUMBER:** Item Number

SUBJECT: CITY COUNCIL DISCRETIONARY EXPENDITURES

DATE: OCTOBER 4, 2005

FROM: ALLAN L. ROEDER, CITY MANAGER

PRESENTATION BY: ALLAN L. ROEDER, CITY MANAGER

FOR FURTHER INFORMATION CONTACT: ALLAN L. ROEDER, CITY MANAGER
(714) 754-5328

RECOMMENDATION:

Review and comment.

BACKGROUND:

For approximately the past 5 years, a total of \$10,000 has been budgeted annually in the Professional Development Account for the City Council. This allocation was established at the direction of the City Council to address the varied needs of individual Council members in fulfilling their responsibilities as elected officials. The appropriation was divided equally between members of the City Council (\$2,000 per person) with individual discretion as to specific expenditures. As with the expenditure of all public funds, discretionary expenditures must meet the requirement of the municipal code and State law.

From its inception, members of the City Council have used discretionary funds exclusively for training & conference attendance, as well as communication equipment and related services. Typical expenditures include computer equipment, cellular telephone equipment/service and specific training such as the League of California Cities New Mayors and Council Members Conference or Redevelopment Training. A monthly report is generated by the City Manager's Department identifying the individual expenditures and account balance.

Council Member Eric Bever requested that the subject of discretionary expenditures by members of the City Council be brought forward for review based upon information provided in the monthly expenditure report. Specifically, the Council Member has questioned the use of discretionary funds by Council Member Katrina Foley with respect to funds provided to local non-profit, community organizations.

ANALYSIS:

At the present time, there is no adopted policy or regulation relating to the expenditure of discretionary funds appropriated for City Council members beyond the general provisions of the municipal code and State law. While members of the City Council have generally used the funds for training and equipment, there is no requirement that the funds be used exclusively for this purpose. Last Spring, Council Member Foley did inquire of the City Manager as to whether the discretionary funds could be used for sponsorship of community organizations and charitable efforts. The Council Member was advised that there are no adopted regulations that would restrict the use of Council discretionary funds beyond those provided for by the municipal code and State law. While use of the funds to support community organizations is distinctive from prior use by members of the City Council, there is no existing restriction from doing so.

Attached is a copy of the monthly report provided for members of the City Council. This report covers Meetings, Conferences and Training, as well as the Discretionary Expenditures. Please note that this report is a recap of expenditures to date and for the prior month. It is not intended to be an accounting document nor does it reflect expenditures incurred for the prior fiscal year. Also attached is a recap of all discretionary expenditures for the current calendar year to provide the Council and the public with a better overall view of the use of these funds. Staff chose the calendar year basis because (a) the City is currently only 3 months into the FY 2005-06 budget and (b) a majority of the City Council has not served an entire 12-month term.

While staff anticipates members of the City Council may articulate various points of view regarding the use of these funds, some basic research was performed regarding the practices in other Orange County Cities. As virtually all cities provide some threshold appropriation for attendance at conferences and training, staff focused on use of discretionary funds for community organizations. Attached is a memorandum from the Legislative and Public Affairs Manager summarizing the results of a brief survey on this subject. Of those cities responding to a statewide listserv inquiry and contacts with individual Orange County cities, 5 cities responded as having some form of individual discretionary funding for community organizations. The cities of Newport Beach and Dana Point have adopted Council Policies (see attached) that set forth the process for the expenditure of discretionary funds.

ALTERNATIVES CONSIDERED:

As this matter is being forwarded at the request of Council Member Bever as a discussion item, staff has not developed any alternatives to the current City Council direction. To the extent City Council is interested in providing more specific direction on this matter, staff can certainly prepare a Council Policy for future consideration.

FISCAL REVIEW:

As noted previously, the City Council has directed that \$10,000 be appropriated for discretionary expenditures. This figure has remained consistent over the past 5 years. Should City Council desire to increase or reduce this amount, appropriate direction should be given as part of the budget preparation.

LEGAL REVIEW:

A separate legal analysis addressing this subject has been prepared by the City Attorney's Office and transmitted under Confidential/Attorney-Client Privilege.

CONCLUSION:

Whether the City Council chooses to provide any specific direction on this matter or not, it would be well to consider requesting that staff prepare a Council Policy for future consideration. If there are concerns over the use of discretionary funds, the process for their allocation to community organizations or even notice to members of the City Council and the public on their expenditure, a Council Policy can be crafted to address those concerns.

ALLAN L. ROEDER
CITY MANAGER

DISTRIBUTION: City Attorney
Finance Director
Legislative and Public Affairs Manager
Management Analyst

ATTACHMENTS: 1. [Monthly Professional Development Expense Report](#)
2. [City Council Discretionary Professional Development Expenditures – Calendar Year 2005](#)
3. [Survey on City Council Discretionary Funds](#)

**CITY OF COSTA MESA
CITY MANAGER'S OFFICE
INTEROFFICE MEMORANDUM**

TO: City Council
FROM: Carol Proctor, Management Analyst
DATE: September 14, 2005
SUBJECT: MONTHLY PROFESSIONAL DEVELOPMENT EXPENSE REPORT

The attached report sheets identify the Council Professional Development account expenses for those Council Members who have submitted expenses for August 2005. With the new budget in place, the following summarizes the combined totals of all Professional Development account expenses (travel, meals, etc.) for each Council Member.

A separate summary follows for *discretionary* Professional Development/General Training for each Council Member.

BUDGET-SPECIFIED MEETINGS/CONFERENCES (Adopted '05-06 Budget)

	<u>Budgeted</u>	<u>Expended to Date</u>	<u>Balance</u>
Mayor Mansoor	\$1,400.00	\$ 0.00	\$1,400.00
Mayor Pro Tem Monahan	\$1,400.00	\$ 0.00	\$1,400.00
Council Member Bever	\$1,400.00	\$ 0.00	\$1,400.00
Council Member Dixon	\$1,400.00	\$ 0.00	\$1,400.00
Council Member Foley	\$1,400.00	\$ 55.00	\$1,345.00

SPECIFIC CONFERENCES BUDGETED FOR LIMITED NUMBER OF COUNCIL MEMBERS

	<u>Total Budgeted</u>	<u>Expended to Date</u>	<u>Balance</u>
League of CA Cities Leadership Institute (3 Council Members)	\$3,655.00	\$ 0.00	\$3,655.00
League Legislative Action Days (2 Council Members)	\$1,435.00	\$ 0.00	\$1,435.00

DISCRETIONARY PROFESSIONAL DEVELOPMENT/GENERAL TRAINING

	<u>Budgeted</u>	<u>Expended to Date</u>	<u>Balance</u>
Mayor Mansoor	\$2,000.00	\$ 0.00	\$2,000.00
Mayor Pro Tem Monahan	\$2,000.00	\$ 0.00	\$2,000.00
Council Member Bever	\$2,000.00	\$1,228.27	\$ 534.43
Council Member Dixon	\$2,000.00	\$ 0.00	\$2,000.00
Council Member Foley	\$2,000.00	\$ 0.00	\$2,000.00

Should you have any questions on the report, please feel free to contact me at 754-5688.

/cg

Attachment: August 2005 Professional Development Account Expense Reports (Bever, Foley)

c: Allan Roeder, City Manager
Steve Hayman, Assistant City Manager
Ann Shultz, Legislative & Public Affairs Manager
Kelly Shelton, Secretary to the City Manager
Chris Goldsworthy, Executive Secretary

City Council Discretionary Professional Development Account Expenditures

Calendar Year 2005

EXPENDITURE	AMOUNT
Mayor Mansoor	\$0.00
Mayor Pro Tem Monahan	
2005 Hall of Fame Awards	\$50.00
Total:	\$50.00
Council Member Bever	
Cellular phone purchase/blue tooth head set & case	\$237.30
League Conference (non Budget-specified conference)	\$1,228.27
Total:	\$1,465.57
Council Member Dixon	
National Day of Prayer Breakfast	\$12.50
Total:	\$12.50
Council Member Foley	
Cingular Wireless Service (2005)	\$364.30
Davis School PTA	\$25.00
American Cancer Society - Relay for Life of Newport Beach 2005	\$100.00
Costa Mesa American Little League	\$500.00
College Park Elementary School FAST Program	\$100.00
Costa Mesa National Little League	\$250.00
AYSO Region 120	\$250.00
Total:	\$1,589.30

As of 10/04/05

MEMORANDUM

DATE: SEPTEMBER 29, 2005

TO: ALLAN L. ROEDER, CITY MANAGER

FROM: ANN C. SHULTZ, LEGISLATIVE AND PUBLIC AFFAIRS
MANAGER

SUBJECT: CITY COUNCIL DISCRETIONARY FUNDS

Pursuant to your direction, our office did a survey on the practices of other cities regarding discretionary funds for other than professional training, conferences seminars and events, for individual City Council Members.

52 responses were received in a statewide listserv. Of those all but 3 responded in the negative. Only 2 indicated that they have discretionary funds for individual Council Members. The City of Galt (population – 22,955) budgets \$5,000 annually for each Council member. The City of San Jose (population – 944,857) budgets \$205,000 annually. However, San Jose has a full time Council and that amount is primarily to be used for staffing.

We also surveyed several Orange County cities on an individual basis and found the following:

Buena Park – no program

Cypress – no program

Dana Point - \$10,000 per Council Member to allocate to benefit non-profit groups in the community (policy attached). Must be approved by the Council as a whole.

Fountain Valley – no program

Huntington Beach – Mayor is allocated \$2,500 annually. Has been used in the past for a board appreciation reception, breakfast for community leaders and educational seminars with guest speakers on topics such as the Brown Act.

Irvine – no response

Laguna Niguel – no program

Mission Viejo – no program

Newport Beach – \$7,000 per Council Member under the District Discretionary Grant Account (policy attached). Use, project or community entity must benefit the City as a whole or the Council Member's district specifically. Must be presented as a "receive and file" agenda item.

Please let me know if you would like additional information on this issue.

**CITY OF DANA POINT
COUNCIL POLICY**

SUBJECT:	PAGE:	EFFECTIVE DATE:	POLICY NO.:
City Council Members Request(s) for Groups or Events that Benefit Dana Point	1 of 1	10/26/99 AMENDED DATE: 9/26/00	116

PURPOSE:

To establish a process for approving City Council Member requests for funding groups, events, or organizations that benefit the Dana Point community.

BACKGROUND:

During Budget deliberations for FY 99/00 and 00/01, City Council approved funding to support groups, events, or organizations that benefit the Dana Point community. In order to ensure a uniform process is followed for distributing the funds, formal guidelines need to be established.

POLICY:

In order to process a City Council Members request, the following guidelines shall be followed:

- City Council will determine the level of funding every two years in conjunction with the City budget process.
- Once the level of funding is established, each City Council Member is eligible to recommend allocating 1/5 of the total funding dedicated to the program. Each City Council Member has the discretion to recommend funding to one or more events or organizations so long as the total funding request does not exceed 1/5 of the total funding for this program.
- If a City Council Member makes a determination to provide funding to a particular group, event, or organization, an agenda report shall be prepared outlining the event or organization and amount of funding recommended by the Council Member. In addition, the agenda report will include correspondence from the organization requesting funding from the City.
- The agenda report will be placed on the consent calendar for formal Council action. If approved, staff will process the contribution for the event or organization.
- At the close of the fiscal year (June 30), all City appropriations cease and any unallocated funding will not be carried over to the next fiscal year.

DISCRETIONARY GRANTS

It shall be the policy of the City Council that the City's budget specifically allow the City Council to, at any time during the year, direct revenue towards worthy projects or programs which the Council deems beneficial to Newport Beach's quality of life. The Council notes that it has at least three tools at its discretion to assist non-profit agencies, community groups, community events, or enhancement projects within the City. These tools are:

- A. Federal Community Development Block Grant (CDBG) Social Service Funds;
- B. Human Services Grants from the General Fund; and
- C. the "District Discretionary Grant Account" from the General Fund.

These funds shall be provided for in the following manner:

Community Development Block Grant Social Services funds shall be allocated according to standards set by the federal government and appropriated at least once each year. The level of funding offered for Social Services in Newport Beach shall be based upon federal formulas and the specific amount of CDBG revenue allocated to the City in any one fiscal year. The Planning Department shall administer these funds after City Council approval of the funds' expenditure.

Human Services Grants shall be expended from the General Fund in the amount of \$25,000 each fiscal year. The City Manager's Office shall review all requests for Human Services Grants and shall forward recommendations for funding to the City Council for final approval. At the time of the City Manager's presentation of any Human Services Grant award proposals to the City Council, the City Manager shall show which entities, if any, have received funds from either the CDBG Social Services Fund or the District Discretionary Grant Account during the same fiscal year.

The City Manager shall follow these priorities when recommending Human Services Grants:

- A. Local groups located within the City and offering programs to City residents;
- B. Regional groups located in Orange County and offering programs to City residents; and
- C. Groups located in California and offering programs to City residents.

Groups not offering programs or services to local residents shall not be eligible for support from the City.

District Discretionary Grant Account. At the start of the fiscal year, the City Manager shall provide for an account within the City Council's Budget division known as the District Discretionary Grant Account. The City Council shall set the level of this Account during the budget process preceding the June adoption of the City's budget. The total amount appropriated to the Account shall be divided by seven and each Council member shall have, at his or her discretion, the ability to allocate up to one-seventh of the Account to a use, project, or community entity that benefits the City as a whole or the Council Member's district specifically. Any expenditure from this Account must have an identifiable public benefit.

Any proposal for an expenditure from this Fund shall be provided to the City Council during regular Council meetings via a verbal report from a Council member or via a brief "receive and file" agenda item. Any verbal or written report shall identify the public benefit associated with the proposed expenditure.

At the conclusion of the fiscal year in which the District Discretionary Grant Account received appropriation, all unencumbered funds in the Account shall be deposited in the City's General Fund Reserve Account.

Adopted - July 8, 1985

Amended - October 28, 1991

Amended - January 24, 1994

Amended - May 22, 2001

Formerly F-22

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