



CITY COUNCIL AGENDA REPORT

MEETING DATE: AUGUST 2, 2011

ITEM NUMBER:

SUBJECT: REVIEW OF CITY COUNCIL COMPENSATION

DATE: JULY 27, 2011

FROM: OFFICE OF THE CHIEF EXECUTIVE OFFICER

PRESENTATION BY: COUNCIL MEMBER WENDY LEECE

FOR FURTHER INFORMATION CONTACT: BILL LOBDELL AT (714) 754-5288

RECOMMENDATION:

That the City Council review its compensation package and consider whether to reduce its salary and/or health benefits.

BACKGROUND:

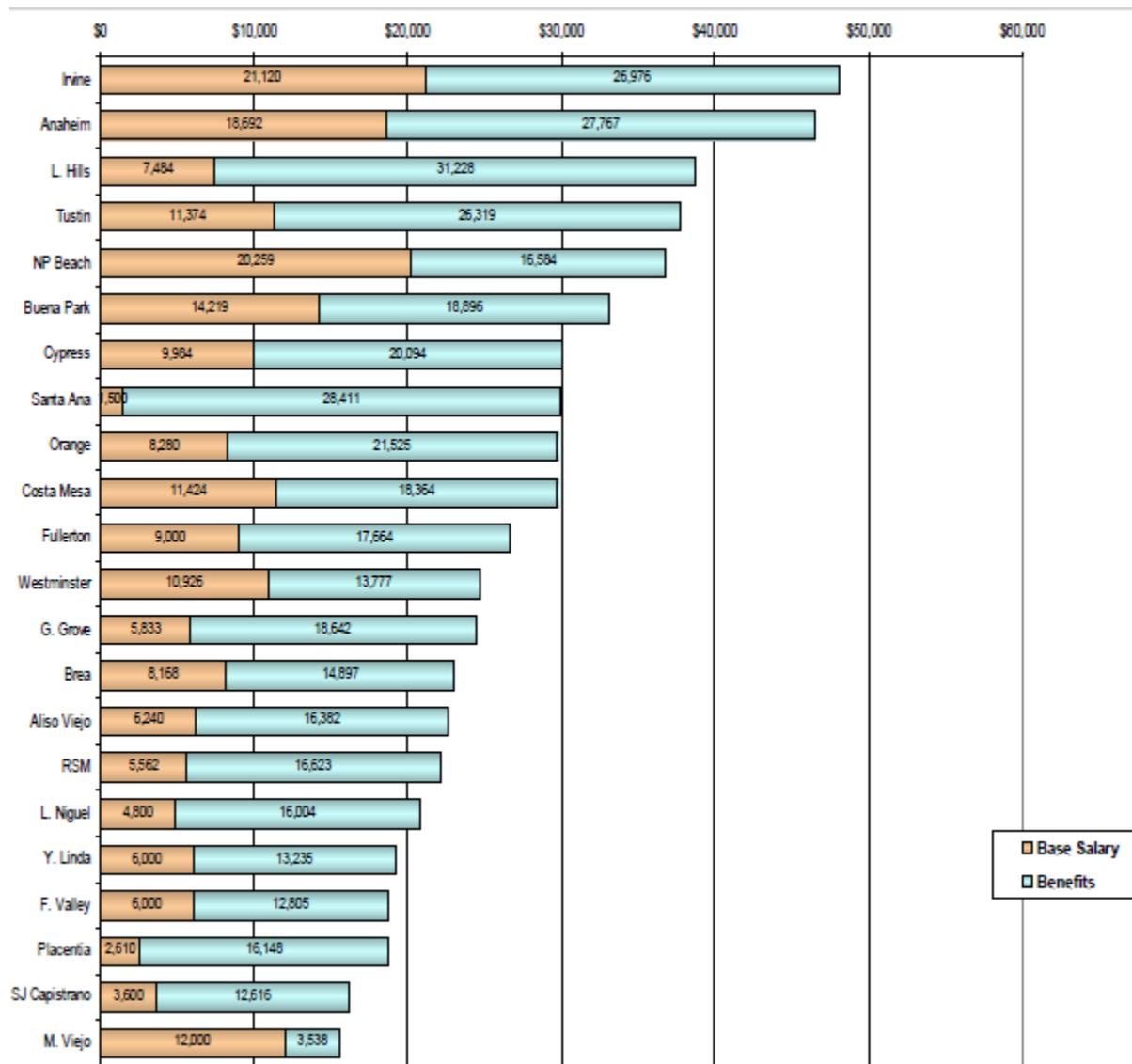
Council Member Wendy Leece requested staff to prepare the necessary documents for the City Council to consider a reduction in its compensation.

In 2009, the City Council reduced its then-monthly salary of \$952 by 5% due to the economic turndown. A copy of the minutes from the April 21, 2009 deliberations on this matter is attached (Attachment 1). Also attached is a copy of Ordinance 09-5 implementing the City Council's action at the time (Attachment 2).

Council members in Costa Mesa receive a \$904 monthly salary and \$1,595 per month in health benefits or the cash equivalent. (Note: Councilman Righeimer has declined the health benefits and its cash equivalent.) As Council members, they also serve on numerous public boards and task forces without pay. In some cases, however, the Council members receive a stipend for each meeting they attend. For instance, Council members receive \$30 for each Costa Mesa Redevelopment Agency meeting they attend. In addition, Mayor Monahan receives \$120 for each meeting he attends of the San Joaquin Hills Transportation Corridor Agency, and Council Member Leece earns a \$100 stipend for each Orange County Vector Control District she attends.

The City also contributes 12.114% of the salaries of Mayor Monahan, Council Members Leece and Bever to their CalPERS pensions. In addition, those three Council members themselves contribute 10.469% of their salaries to CalPERS. The City contributes 3.75% of the salaries of Mayor Pro Tem Righeimer and Council Member Mensinger to CalPARS. The two Council members match the 3.75% contribution.

Compared with other Orange County cities, total compensation for Costa Mesa Council members fall roughly in the middle (see chart below).



ANALYSIS

If the City Council decides to reduce its compensation, a proposed Ordinance could be introduced and given a first reading at the City Council’s Sept. 6 meeting. The decrease in the salaries and health benefits of the City Council, by law, would not go into effect until the new Council terms begin after the next general election in 2012. The Fiscal Review section of this report addresses a range of percentage adjustments the City Council may consider along with the corresponding dollar value.

ALTERNATIVES CONSIDERED:

The alternative would be to keep Council compensation as is.

FISCAL REVIEW:

The adjustment could be at any percentage that the City Council would agree upon. Various percentage amounts are as follows for monthly salary:

- 5% = a reduction of \$45.22 per to month to \$859.18
- 10% = a reduction of \$95.20 per month to \$813.96
- 15% = a reduction of \$135.66 per month to \$768.44
- 20% = a reduction of \$180.88 per month to \$723.52
- 25% = a reduction of \$226.10 per month to \$678.30

Various percentage amounts are as follows for monthly health benefits:

- 5% = a reduction of \$79.75 per to month to \$1515.25
- 10% = a reduction of \$159.50 per month to \$1435.50
- 15% = a reduction of \$239.25 per month to \$1355.75
- 20% = a reduction of \$319 per month to \$1276
- 25% = a reduction of \$398.75 per month to \$1196.25

LEGAL REVIEW:

No legal review is required for this item.

CONCLUSION:

If approved, the City Council reductions would go into effect when the new Council terms begin after the next general election in 2012.

BILL LOBDELL
Interim Director of Communications

THOMAS HATCH
Chief Executive Officer

- ATTACHMENTS: 1 [City Council Meeting Minutes – April 21, 2009](#)
 2 [Ordinance 09-5](#)