

CITY OF OAKLAND
Public Ethics Commission

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TO: Public Ethics Commission
FROM: Daniel Purnell
DATE: June 6, 2005

RE: A Report And Action To Be Taken Regarding Required Review And Adjustment Of City Council Salaries Pursuant To Oakland City Charter Section 202(c)

I. BACKGROUND

At its regular meeting of April 4 and May 2, 2005, the Commission considered staff reports pertaining to the Commission's duty to review and adjust City Council salaries following the passage of Measure P in the March, 2004, election.

Under current City Charter Section 202(c), the Commission is required to adjust City Council salaries by the increase in the consumer price index (CPI) over the preceding year. The Commission may adjust salaries beyond the increase in the CPI up to a total of five percent. Any increase over five percent must be approved by the voters.

At the meeting, the Commission directed staff to provide updated CPI information based on the federal Bureau of Labor Statistics' May, 2004, revise.

The Commission also directed staff to prepare alternative resolutions for adjusting City Council salaries for final consideration at the June 6, 2005, meeting. The first alternative resolution would implement a salary adjustment of four or five percent. **Attachment 1.** The second would implement a salary adjustment based solely on the increase in the CPI over the preceding year. **Attachment 2.**

II. REVISED COST OF LIVING ADJUSTMENT

As stated in the April 4, 2005, staff report, the federal Bureau of Labor Statistics calculates changes in the CPI for All Urban Consumers (CPI-U) for the San Francisco Bay Area every two months. On May 18, the Bureau calculated the annual change in the CPI-U between April, 2004, and April, 2005, inclusive. The percentage increase in the CPI for the most recent 12-month period is 2.1 percent. This represents an increase over the previously reported CPI change for the period between February, 2004, and February, 2005, inclusive, which stood at 1.5 percent.

At the May 2, 2005, meeting, Commissioner Wiener requested the percentage change in the CPI since the base salary for City Councilmembers was established in October, 1997. According to the Bureau of Labor Statistics, the CPI has changed approximately 24.5 percent since October, 1997, through April, 2005. Had City Council salaries been adjusted annually to reflect those changes, the annual City Council salary would currently total approximately \$74,700.

III. ALTERNATIVE RESOLUTIONS

The Commission's decision to adjust City Council salaries will be effected by adopting some version of the attached resolutions. Both resolutions contain a history of past Commission actions to establish the current City Council salaries and recite the authority under which the Commission may take action. Staff has provided specific factual findings to support the respective salary adjustment contained in each resolution.

Attachment 1 provides an option for a four or five percent salary adjustment. Five percent is the maximum amount the Commission can provide without triggering voter approval. Four percent is the amount the City has agreed to provide several of the City's major employee bargaining units (Local 21 and Local 790) beginning on July 2, 2005.

Attachment 2 provides for a salary increase of 2.1 percent. This amount is based solely on the change in the CPI for the San Francisco Bay Area for the period April, 2004, through and including April, 2005. It represents the minimum amount by which the Commission is required to adjust City Councilmember salaries under City Charter Section 202(c).

IV. STAFF RECOMMENDATION

The Commission is requested to take action on one of the proposed resolutions at its June 6, 2005, meeting.

Respectfully submitted,

Daniel D. Purnell
Executive Director