



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Direction on Amendments to City Council Policy 7.4.2 (Council Equipment, Materials, and Supplies)

BACKGROUND

At their December 1, 2020 meeting, Council directed staff to add Council Policy 7.4.2 (Council Equipment, Materials, and Supplies) (Attachment 1) to the January 12, 2021 Council meeting agenda for possible changes. On November 25, 2014, this Policy was separated from Council Policy 7.3.13 (Support for Councilmembers; Staff-Council Communications).

Section I.D. of Council Policy 7.4.2 provides a \$1,300 allowance per Councilmember per four-year term for the purchase of various technology equipment. The Policy provides that equipment purchased with these funds be returned to the City or purchased from the City at market rate when a Councilmember leaves office. The Policy also provides an amount not to exceed \$60 per month (non-taxable) via reimbursement for monthly service charges for equipment purchased under this Policy. These amounts were last updated in the 2009/10 fiscal year.

EXISTING POLICY

Council Policy 7.4.2 Council Equipment, Materials, and Supplies (See Attachment 1)
Charter Section 605 (Compensation) (See Attachment 2)

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental, organizational or administrative activity that will not result in direct or indirect changes in the environment.

DISCUSSION

When Council directed staff to add this Council Policy to the January 12, 2021 Council meeting agenda, Councilmembers expressed interest in increasing the current amount of \$1,300 provided for purchasing technology equipment and removing the requirement that the equipment must be purchased from the City or returned to the City at the end of a Councilmember's service on Council. Council also suggested staff propose any changes they recommend.

The reimbursement to Councilmembers for the purchase of technology equipment is not considered compensation to Councilmembers because the purchased technology is either returned to the City or purchased from the City at the end of each Councilmember's service on Council. Staff evaluated the possibility of allowing Councilmembers to keep purchased equipment at the end of their terms as a way of simplifying administration. However, staff determined the remaining value of the equipment would be required to be reported as taxable compensation on a Councilmember's Wage and Tax

Statement (IRS Form W-2).

Charter Section 605 (Attachment 2), establishes salaries for council members and provides that “the compensation of the Council and Mayor shall increase by a percentage equal to the percentage increase in the preceding October’s twelve-month rolling average of the Consumer Price Index-Urban (CPI-U).” It is unclear whether the reference to increases in “compensation” was intended to apply to salary or all issues reportable to the IRS as compensation. However, because the amounts would be shown as compensation on a W-2, there is an argument that this approach could be interpreted as increasing compensation beyond the limits set by the City Charter for Councilmembers. Based on the Charter compensation limits, staff does not recommend changing the current policy requirement that purchased equipment be returned or purchased from the City at the end of a councilmember’s term.

Increase Reimbursement Amounts within Existing Administrative Structure

Council may wish to consider an increase to each reimbursement. Such an increase could be a flat amount or based on a particular index, such as CPI. Since the current reimbursement amounts were set in 2010 the CPI-U has increased by 32%. Applying the annual change for each year to the current maximum reimbursement amount would result in a maximum of \$1,720 per four-year Council term for equipment purchase, and \$79 per month for monthly service charges for equipment purchased.

FISCAL IMPACT

Currently, staff budgets the expenses described in Council Policy 7.4.2 in the Office of the City Manager’s operating budget. Each Presidential Election cycle \$5,200 is budgeted, and each Mid-term Election cycle, \$3,900 is budgeted. As these are not substantial amounts, an increase would not have a significant fiscal impact over the short or long term.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City’s official-notice bulletin board outside City Hall, Sunnyvale Public Library and Department of Public Safety. In addition, the agenda and report are available at the Office of the City Clerk and on the City’s website.

ALTERNATIVES

1. Provide direction to amend Council Policy 7.4.2 (Council Equipment, Materials, and Supplies) by the CPI since the policy was adopted in FY 2009/10 as specified by Council and authorize the Mayor and City Manager to complete revisions to Council Policy 7.4.2 consistent with the City Council’s direction.
2. Take no action regarding Council Policy 7.4.2 (Council Equipment, Materials, and Supplies).
3. Other direction as provided by Council.

STAFF RECOMMENDATION

Staff makes no recommendation. This report is being presented to City Council to facilitate discussion at the public hearing.

Prepared by: David Carnahan, City Clerk

Reviewed by: Tim Kirby, Director of Finance

Reviewed by: Kathleen Boutté Foster, Chief Information Officer

Reviewed by: Teri Silva, Assistant City Manager

Approved by: Kent Steffens, City Manager

ATTACHMENTS

1. Council Policy 7.4.2 Council Equipment, Materials, and Supplies
2. Charter Section 605 Compensation