

Item 10 - Council Salary Adjustment



Nicolas Heidorn, Executive Director

TO: Public Ethics Commission
FROM: Nicolas Heidorn, Executive Director
DATE: February 28, 2024
RE: City Council Salary Adjustment as Required by Law for the March 13, 2024, PEC Meeting

Every two years, the Public Ethics Commission (PEC or Commission) is responsible for adjusting the City Councilmember salary level based on the increase in the Consumer Price Index (CPI) for the preceding two years, subject to certain limitations. While the PEC has set the salary of City Councilmembers for many years, this is the first time that the PEC will be adjusting City Councilmembers' salaries pursuant to the new rules adopted by the voters with the passage of Measure X (2022).

This memo explains the rules the Commission must follow in adjusting Councilmember salaries and provides a staff recommendation for the biannual salary increase consistent with these rules.

Background

Oakland City Charter Section 202, as amended in 2014, requires the Public Ethics Commission to "bi-annually adjust the salary for the office of Councilmember by the increase in the consumer price index over the preceding two years." In addition, the Commission was permitted to adjust the salaries beyond that increase up to a total of five percent for each year, and any increase in excess of that five percent per year had to be approved by the voters.

In November 2022, Oakland voters passed Measure X, which amended the process for setting City Councilmembers' salaries as follows:

The Public Ethics Commission shall bi-annually adjust the salary for the office of Councilmember by the increase in the consumer price index over the preceding two years, up to a total of five percent. If the increase in the consumer price index over the preceding two years exceeds five percent, the Commission shall have the discretion to adjust the salary for the office of Councilmember by an amount not exceeding five percent for each year, but not more than the total CPI per year.

Payroll adjustments take effect on the first payroll period after the beginning of the new fiscal year, which will begin in July 2024. The Commission last adjusted the salary for City Councilmembers by the CPI increase of 6.3 percent in 2022, resulting in a total annual salary of **\$103,621.82**.

The table below shows salary increases approved by the Commission from 2004 to 2022. Note that since 2016, PEC-authorized increases were made bi-annually as required by City Charter amendments in 2014; prior to that, PEC adjustments were made annually. Note also that this chart does not include any increases made pursuant to the new Measure X salary-setting rules.

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City Council Salary Adjustments, 2004-2022

Year	PEC-Authorized Increase (%)	Annual Salary with Increase (\$)¹
February 2022	6.3 (CPI for two years)	103,621.82
February 2020	7.1 (CPI for two years)	97,480.55
February 2018	6.6 (CPI for two years)	91,018.25
January 2016	4.7 (CPI for two years)	85,382.97
June 2014	2.4 (CPI)	81,550.11
June 2013	2.4 (CPI)	79,638.78
July 2012	2.1 (CPI)	77,772.25
June 2011	2.8 (CPI)	76,172.62
June 2010	1.7 (CPI)	74,097.88
June 2009	0.8 (CPI)	72,859.28
June 2008	2.9 (CPI)	72,281.04
June 2007	5	70,243.94
July 2006	4	66,899.04
July 2005	2.1 (CPI)	64,326.08
June 2004	5	63,003.94

As of February 2024, a Councilmember currently receives a biweekly salary of **\$3,985.46** which amounts to a total of **\$103,621.96** annually.²

Minimum Salary Adjustment Mandated by City Charter

The Commission is required to adjust the annual salary according to the change in the Consumer Price Index for the preceding two years. The U.S. Bureau of Labor Statistics reports that the Consumer Price Index for All Urban Consumers (CPI-U) in the San Francisco-Oakland-Hayward area rose 7.6 percent from December 2021 – December 2023.³ Since that two-year increase exceeds 5 percent, the Charter requires that the annual salary for City Councilmembers be increased by at least 5 percent, which would increase the annual Councilmember salary to **\$108,802.91**.

Additional Salary Increase Option

When total CPI over the prior two years exceeds 5 percent, the Commission has the discretion to increase City Councilmember salaries by up to five percent for each of those two years, but not more than the total CPI per year. Because CPI exceeded 5 percent in this two year-period, the PEC may award a higher salary increase.

The CPI between December 2021 and December 2022 rose 4.9 percent and the CPI between December 2022 and December 2023 was 2.6 percent. Since neither annual increases exceeded 5 percent, the Commission has the discretion to award an increase up to the total of the per year CPI increase in each

¹ This list reflects PEC-authorized amounts; actual salary amounts received each year may differ for each Councilmember depending on whether each member accepted the increase.

² Salary data provided by Anjali Saxena, Payroll Manager, February 20, 2024. Note that the actual Council salary is a few cents more than the amount the PEC approved in 2022, likely due to rounding because the PEC-approved amount was not perfectly divisible by 25 pay periods in a year.

³ U.S. Bureau of Labor Statistics. San Francisco-Oakland-Hayward, CA Consumer Price Index. December 2021 – December 2023.

<https://data.bls.gov/timeseries/CUURS49BSAo>. Data accessed February 16, 2024.

Formula using raw numbers: (December 2023 CPI / December 2021 CPI) – 1 x 100 = ___%

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year, or a 7.5 percent increase (4.9% + 2.6%), which would increase the annual Councilmember salary to \$111,393.46.

Staff Recommendation

Staff recommends that the Commission adopt a resolution (attached) increasing City Councilmember salaries by 5 percent, as required by the City Charter whenever the Consumer Price Index exceeded 5 percent in the prior two years. This amount would bring a Councilmember's total annual salary to \$108,802.91. Following Commission approval, Commission staff will transmit the salary adjustment resolution to the City Administrator, the Department of Human Resources (to amend the salary ordinance), and the Treasury Division - Payroll (to implement the increase).

Considerations for Future Salary Increases

In January of this year, the PEC recommended that the responsibilities for setting the Mayor's salary be transferred to the PEC. As part of that recommendation, the PEC requested that it have the option to waive or reduce a mayoral salary increase if General Purpose Fund revenues for the current fiscal year were projected to decline or if the Council declared that the City was facing an "extreme fiscal necessity" or "fiscal crisis or fiscal emergency." As the Council will likely be considering a Charter amendment this year to change how the Mayor's salary is determined, ***the Commission could similarly recommend that the City Charter be amended to give the PEC the discretion to not increase Council salaries in times of fiscal hardship.***

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CITY OF OAKLAND
Public Ethics Commission



RESOLUTION NO. 24-01
[Proposed 3-13-24]

RESOLUTION AUTHORIZING A SALARY INCREASE OF FIVE PERCENT (5%) FOR THE OFFICE OF COUNCILMEMBER PURSUANT TO OAKLAND CITY CHARTER SECTION 202

By action of the Oakland Public Ethics Commission:

WHEREAS, Oakland City Charter Section 202 requires the Public Ethics Commission (Commission) to bi-annually adjust the salary for the office of Councilmember by the increase in the consumer price index over the preceding two years, up to a total of five percent. If the increase in the consumer price index over the preceding two years exceeds five percent, the City Charter permits the Commission to adjust the salary for the office of Councilmember by an amount not exceeding five percent for each year, but not more than the total CPI per year; and

WHEREAS, the current Commission-authorized annual salary for Oakland City Councilmembers is \$103,621.82, effective July 2022; and

WHEREAS, the consumer price index in the San Francisco-Oakland-Hayward area increased by a total of 7.6 percent between December 2021 and December 2023; and

WHEREAS, the Commission wishes to authorize the minimum five percent salary adjustment mandated by the City Charter and does not seek to exercise the discretionary additional salary increase option;

Now, therefore be it:

RESOLVED, that the Commission does hereby authorize a salary increase of five percent (5%) for the office of Councilmember as mandated by City Charter Section 202, for a total annual salary of up to \$108,802.91, effective as of the first payroll period of Fiscal Year 2024-2025; and

FURTHER RESOLVED, that the Commission does not authorize any additional salary increase beyond that required by the Oakland City Charter for the purpose of this bi-annual salary adjustment for the office of Councilmember.

CERTIFICATION RE: APPROVAL OF RESOLUTION

The foregoing Resolution was presented for approval at a duly noticed meeting of the City of Oakland Public Ethics Commission held on March 13, 2024, where a quorum of the membership of the Commission was present. The Commission approved the resolution by a vote of _____ to _____.

AYES: GAGE, HILL, STEELE, TILAK, UPTON AND CHAIR MICIK

NOES:

ABSTAIN:

ABSENT:

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I hereby certify that the foregoing is true and correct.

Nicolas Heidorn, Executive Director
Oakland Public Ethics Commission

Date