



Memorandum

TO: RULES AND OPEN GOVERNMENT COMMITTEE
FROM: Councilmember Donald Rocha
SUBJECT: COUNCIL POLICY 1-18
DATE: February 1, 2018

Approved

Don Rocha

Date

2-1-18

PLH

RECOMMENDATION

That the Rules Committee direct staff to bring forward an amendment to section 20 of Council Policy 1-18 for Council consideration that revises the method by which appropriations are established for Council Office budgets in the last six months of a councilmember's term. Currently, the policy requires that both the base budget and any available rollover be split evenly between two appropriations, one for the last six months of the expiring term, and the other for the first six months of the new term. Under this recommendation, staff would be directed to revise the policy to require that the rollover would be split such that there is sufficient funding in the first six months of the new term to pay for vacation payouts for outgoing staff members, plus any extra cushion as may be appropriate to meet other financial obligations of the outgoing councilmember, and that the remainder of the rollover would be allocated to the last six months of the expiring term. The base budget would continue to be split equally.

ANALYSIS

Councilmembers who are terming out leave office at the end of the calendar year, which is halfway through the fiscal year. As a result, the departing Councilmember controls their office budget for the first six months of the fiscal year, and the incoming councilmember controls the budget for the last six months. In order to avoid the outgoing councilmember from overspending their budget and leaving the incoming councilmember with a reduced budget, the Council established a policy a few years ago requiring that council office budgets be split into two separate appropriations during a fiscal year when a councilmember is running for reelection or terming out.

The policy, contained in section 20 of Council Policy 1-18, requires that both the council office's base budget and any available rollover be split evenly between the two appropriations. It's obvious why the base budget would be split evenly. The rationale for splitting the rollover was that when council staff depart at the end of a councilmember's term, they are often owed a payout for their unused vacation. Allocating part of the rollover to the new councilmember helps ensure that enough funds are available to accommodate the payouts without eating into the base budget.

I support the methodology of establishing two separate appropriations to ensure that the incoming councilmember is not put at a disadvantage, but would like to suggest a minor amendment to the policy that would better achieve the policy's goal. Instead of splitting the rollover equally, I recommend splitting it such that there is sufficient funding in the first six months of the new term to pay for vacation payouts for the outgoing staff members of the previous councilmember, plus any extra cushion as may be appropriate to meet other financial obligations of the outgoing councilmember. For example, we could require an extra 10% cushion to ensure that enough funding would be available. The remainder of the rollover would be allocated to the last six months of the expiring term.

	First Half of Fiscal Year	Second Half of Fiscal Year
Current Method	50% of Rollover	50% of Rollover
	50% of Base Budget	50% of Base Budget
Proposed Method	Any Rollover not needed for second half of year.	Enough Rollover to pay for vacation payouts, plus appropriate cushion to meet obligations of outgoing member
	50% of Base Budget	50% of Base Budget

The proposed method would have two benefits. First, if 50% of the outgoing councilmember's rollover wouldn't be enough to cover the entire vacation payout, the revised policy would take as much of the rollover as needed to ensure there were no negative impacts on the incoming councilmember's budget. Second, if vacation payouts could be accommodated with less than 50% of the rollover, it would ensure that the outgoing councilmember would have the opportunity to use rollover funds for special projects in their district in the last six months of their term. Currently, councilmembers have access to their full rollover up until the end of June of their final year, but then lose 50% of it beginning in July. The arrangement creates an incentive to spend down money by the end of June. If 50% of the rollover is not needed to meet vacation payout obligations, it isn't necessary to create an arbitrary June deadline to fund special projects with rollover funds.

In conclusion, I'd like to share why this matter has come to my attention. I have a substantial rollover that I've been spending on community projects over the past year.

I've accumulated this rollover through careful management of my budget, and would like to continue to spend this money for the community's benefit over my last year in office. I'm more than happy to set aside any funds that are needed to ensure that my successor is on sound fiscal footing when they enter office, but would appreciate the ability to spend any funds that are not needed for my successor for the community's benefit.