

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 1/13/2021

Staff Report No. 21-024

TO: AC Transit Board of Directors
FROM: Linda A. Nemeroff, District Secretary
SUBJECT: Board Compensation Adjustment

ACTION ITEM

RECOMMENDED ACTION(S):

Consider the adoption of Resolution No. 21-001 establishing a temporary reduction in compensation for the Board of Directors. [Requested by President Ortiz.]

STRATEGIC IMPORTANCE:

There is no strategic importance associated with this report.

BUDGETARY/FISCAL IMPACT:

A reduction in compensation would result in the following savings to the District depending on the option selected:

Option	FY 2020-21	FY 2021-22	Reduction per Director/mo.
#1	\$1,238 (7 mos.)	\$2,123	\$25.00
#2	\$2,646 (6 mos.)	\$5,292	\$63.00
#3	\$3,884	\$7,415	\$88.00

BACKGROUND/RATIONALE:

Board Policy 123 establishes compensation for the Board of Directors and provides for an annual adjustment based on the California Consumer Price Index (CPI). This increase is automatic and is based on the percentage increase in the CPI from one calendar year to another and holds the increase in abeyance in election years, so the increase the Board would have been entitled to in early 2020 was suspended until the election concluded. This was an increase of 1%, which is the difference in the 2018 CPI and the 2019 CPI (the CPI for 2019 of 282.594 less the CPI for 2018 of 274.922 equals a 1% change).

In addition, the Board is due to receive an increase in early 2021 once the CPI figures for 2020 are published. Based on the low percentage of change for 2019, the 2020 figure is anticipated to be small. Again, this is an automatic increase that the Board is not required to act on to implement.

When the Board was notified of the increase in their compensation, the Board President requested that the matter come before the Board to consider suspending it given the District's financial condition due to the pandemic and the projected budget deficit in the FY 2021-22. In addition, staff was asked to include an option to reduce the Board's compensation by 5% as was done in 2009, 2010, 2011, and 2012 as a result of the financial crisis at that time.

Options for consideration:**Option 1:**

Adopt Resolution No. 21-001 to hold the 2019 and 2020 CPI adjustments in abeyance until June 30, 2022 or until such time as the Board may deem appropriate.

Option 2:

Adopt Resolution No. 21-001 approving a 5% reduction in Board compensation until June 30, 2022 or until such time as the Board may deem appropriate (the Board would receive the scheduled CPI adjustments under this option).

Option 3:

Adopt Resolution No. 21-001 approving a 5% reduction in Board compensation and hold the 2019 and 2020 adjustments in abeyance until June 30, 2022 or until such time as the Board may deem appropriate.

In addition to the three options proposed above, Board members can offer alternative options for consideration.

ADVANTAGES/DISADVANTAGES:

If implemented, the advantage of the proposed action demonstrates the Board's commitment to preserving the financial health of the District. There are no disadvantages associated with the options presented.

ALTERNATIVES ANALYSIS:

This item is being presented at the request of the Board President. Staff has identified options for the Board to consider in the body of this report and the Board can select from the options presented or decide not to implement a reduction.

PRIOR RELEVANT BOARD ACTION/POLICIES:

Board Policy 123 - Compensation for Directors (Ordinance 15, Resolution No. 10-053)

ATTACHMENTS:

1. Resolution No. 21-001
2. Board Policy 123

Prepared by:

Linda A. Nemeroff, District Secretary

Approved/Reviewed by:

Linda A. Nemeroff, District Secretary

Jill A. Sprague, General Counsel

Claudia L. Allen, Chief Financial Officer