

Charter Review Committee

Final Report

May 17, 2017

BACKGROUND

On September 27, 2016, the City Council discussed potential revisions to the Denton City Charter at a Council Work Session. Council identified seven areas for possible revision and called for the establishment of a Charter Review Committee. As such, staff prepared a resolution to form a Charter Review Committee (the “Committee”) which was approved by the City Council on October 11, 2016 (**Exhibit 1**). The resolution created a 21-person member Committee, allowed for the creation of subcommittees, and charged the Committee with evaluating seven potential changes to the Charter as follows:

1. Should the **composition of the Council change** to 6 single-member council districts and 1 at-large mayoral district? (Sec. 2.01)
2. Should the current **3 consecutive two-year term limitations** be changed? (Sec. 2.01)
3. Should the current **one-year district residency eligibility requirement** be amended? (Sec. 2.02)
4. Should the **percentage signature requirement for recall** petitions be increased? (Sec. 4.13)
5. Should the appointment, duties, and responsibilities of **the city auditor** be clarified? (Sec. 6.04)
6. Should the current **conflict of interest and nepotism provisions** be replaced with alternative ethics provisions? (Secs. 14.04 and 14.05)
7. Should a **salary or stipend** be established for council members?

COMMITTEE WORK

The Committee held its first organizational meeting on December 14, 2016. Over the last few months, the Committee has held 8 meetings and formed 3 subcommittees (Stipend, Recall, and Ethics), which held a total of 10 subcommittee meetings. The attached presentation (**Exhibit 2**) outlines the general meeting topics of each of the 8 Committee meetings and the three subcommittees.

The presentation outlines the question to be answered for each charge, the issues identified by the Committee, and the Committee’s recommendations after thoughtful discussion and deliberation on each of the charges. All of the agendas, minutes, and meeting materials for the Committee and subcommittees can be found on the City’s website (www.cityofdenton.com) under the Government tab and clicking on the Charter Review Committee. Much time and effort was dedicated by members of the Committee into forming these recommendations to the City Council.

Based on the recommendations, the Committee is proposing amendments to the Charter as shown in **Exhibit 3** for Charges 3, 4, 5, 6, and 7.

EXHIBITS

Exhibit 1 – Resolution

Exhibit 2 – Presentation

Exhibit 3 – Proposed Charter amendments

Respectfully submitted:

Joe Mulroy
Chair of the Charter Review Committee

Charter Review Committee Members:

Dr. Jim Alexander, Dr. Bob Bland, Billy Cheek, Erin Clegg, Kyle Eaton, Sheryl English, Phil Gallivan, Monica Glenn, Herbert Holl, Colette Johnson, Ron Johnson, Dr. Patrice Lyke, Stu Morrhead, Annetta Ramsay, Marty Rivers, Prudence Sanchez, Steve Sullivan, Michael Upshaw, Jorge Urbina, David Zoltner.

RESOLUTION NO. R2016-036

A RESOLUTION CREATING A CHARTER REVIEW COMMITTEE TO CONSIDER AND ADVISE THE CITY COUNCIL WHETHER AND IN WHAT MANNER TO REVISE VARIOUS CITY CHARTER PROVISIONS AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, at its September 27, 2016 Work Session, the City Council determined that it would be advisable to create a citizens' Charter Review Committee to provide recommendations for potential changes to various provisions of the Denton City Charter; and

WHEREAS, some of the Denton City Charter provisions to be reviewed for these possible changes include: (1) creating six single member districts and one at-large mayoral position; (2) changing the current maximum consecutive terms of office from three two-year terms to an appropriate alternative term; (3) amending the district residency requirement; (4) increasing the percentage of signatures necessary to support a recall petition; (5) clarifying the appointment, duties and responsibilities of the city auditor; (6) expanding the scope of ethics requirements; and (7) establishing a salary or stipend for council members; NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF DENTON HEREBY RESOLVES:

SECTION 1. A citizens' Charter Review Committee is appointed to consider and advise the City Council of Denton whether and in what manner to revise one or more of those current City Charter provisions described in Section 3. All recommendations shall be made by a majority vote of the entire Charter Review Committee.

SECTION 2. The citizens' Charter Review Committee shall be composed of twenty-one (21) citizens of the community appointed by the Council, one of whom will serve as Chairperson. In order to ensure fair representation of all of the citizens of the City of Denton, each council member shall appoint citizens who reside in their respective district. In the case of the Mayoral, Place 5 and Place 6 districts, citizens may reside in any district of the City. The Chairperson will be elected by majority vote of the Charter Review Committee. The Chairperson shall be a voting member. The Committee shall perform its functions in accordance with the intent of this Resolution.

SECTION 3. The charges of the Committee are:

a. "To consider and advise the City Council of Denton whether and in what manner to revise the current City Charter provisions of Article II, Section 2.01 of the Denton City Charter so as to eliminate the Place 5 and Place 6 at-large districts and instead create six (6) single-member districts and one (1) at-large mayoral district, and to revise other City Charter provisions that reference at-large districts."

b. "To consider and advise the City Council of Denton whether and in what manner to revise the current City Charter provisions of Article II, Section 2.01 of

the Denton City Charter so as to replace the maximum three consecutive two-year terms that council members are eligible to serve with an appropriate alternative term, and to revise any other City Charter provisions that reference two-year terms.

c. "To consider and advise the City Council of Denton whether and in what manner to revise the current City Charter provisions of Article II, Section 2.02 relating to the current one-year district residency eligibility requirement for a council member candidate, and to revise any other City Charter provisions that reference one-year district eligibility requirements."

d. "To consider and advise the City Council of Denton whether and in what manner to revise the current City Charter provisions of Article IV, Section 4.13 so as to increase the percentage signature requirement necessary for a council member recall petition, and to revise any other City Charter provisions that reference the current percentage signature requirement."

e. "To consider and advise the City Council of Denton whether and in what manner to revise the current City Charter provisions of Article VI, Section 6.04 so as to clarify that a city auditor is a mandated council appointee position, as well as to clarify the city auditor's duties and responsibilities, and to revise any other City Charter provisions that reference the city auditor's appointment, duties and responsibilities."

f. "To consider and advise the City Council of Denton whether and in what manner to revise the current City Charter provisions of Article XIV, Sections 14.04 and 14.05 so as to replace the Denton citizen-adopted Texas Local Government Code, Chapter 171 conflict of interest and nepotism standards with alternative ethics provisions, and to revise any other City Charter provisions that relate to ethics."

g. "To consider and advise the City Council of Denton whether and in what manner to add a new City Charter provision that establishes a salary or stipend for council members."

SECTION 4. The Charter Review Committee may create subcommittees. All subcommittees shall consist of at least 7 members of the Charter Review Committee, who shall make recommendations to the entire Charter Review Committee pursuant to assigned topics. The Chairperson shall appoint the chair and all members of each subcommittee. Recommendations can only be passed out by the majority of the members of the subcommittee.

SECTION 5. Any matters not addressed by this Resolution shall be governed by the "City of Denton Handbook for Boards, Commissions and Council Committees."

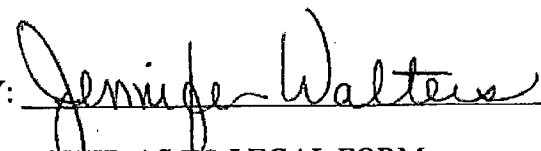
SECTION 6. The City Manager will provide support to the Charter Review Committee and subcommittees as necessary. The City Attorney shall provide legal counsel to the Charter Review Committee and subcommittees and shall draft all revisions to the Denton City Charter recommended by the Charter Review Committee or subcommittees.

SECTION 7. This Resolution shall become effective immediately upon its passage and approval.

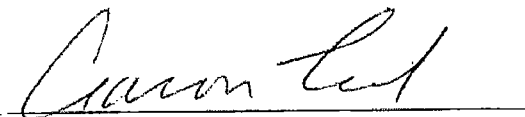
PASSED AND APPROVED this the 11 day of October, 2016.


CHRIS WATTS, MAYOR

ATTEST:
JENNIFER WALTERS, CITY SECRETARY

BY: 

APPROVED AS TO LEGAL FORM:
ANITA BURGESS, CITY ATTORNEY

BY: 

Charter Review Committee Final

Findings and Recommendations

May 17, 2017

Background

- **September 27, 2016** – City Council held a work session discussion regarding potential revisions to the Denton City Charter
 - Council identified seven areas for possible revision
 - Council also called for the establishment of a Charter Review Committee
- **October 11, 2016** – Council approved a resolution forming a Charter Review Committee
 - Created a 21 person member committee
 - Allowed for the Committee to create subcommittees
 - Charge of the Committee was to evaluate seven potential changes to the Charter and to provide recommendations
 - City Attorney to draft all revisions as recommended

Charges for the Charter Review Committee

#	Subject	Charge
1	Districts	• Should the composition of the Council change to 6 single-member council districts and 1 at-large mayoral district? (Sec. 2.01)
2	Terms	• Should the current 3 consecutive two-year term limitations be changed? (Sec. 2.01)
3	District Residency	• Should the current one-year district residency eligibility requirement be amended? (Sec. 2.02)
4	Recall Percentage	• Should the percentage signature requirement for recall petitions be increased? (Sec. 4.13)
5	City Auditor	• Should the appointment, duties, and responsibilities of the city auditor be clarified? (Sec. 6.04)
6	Ethics	• Should the current conflict of interest and nepotism provisions be replaced with alternative ethics provisions? (Secs. 14.04 and 14.05)
7	Stipend	• Should a salary or stipend be established for council members?

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Charter Review Committee (CRC)

Chair: Joe Mulroy

Members: Dr. Jim Alexander, Dr. Bob Bland, Billy Cheek, Erin Clegg, Kyle Eaton, Sheryl English, Phil Gallivan, Monica Glenn, Herbert Holl, Colette Johnson, Ron Johnson, Dr. Patrice Lyke, Stu Morrhead, Annetta Ramsay, Marty Rivers, Prudence Sanchez, Steve Sullivan, Michael Upshaw, Jorge Urbina, David Zoltner.

Agendas, Minutes, and Meeting Materials:

- www.cityofdenton.com (Under Government tab, Charter Review Committee)

Final Report:

- The final report and detailed language proposals for Charter revisions are included as a separate exhibit.

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CRC Meetings

Meeting Date	General Meeting Topics
December 14, 2016	<ul style="list-style-type: none"> Organizational Meeting
January 18, 2017	<ul style="list-style-type: none"> Reviewed prior Charter amendments Began discussions on charges
February 1, 2017	<ul style="list-style-type: none"> Continued discussions on charges
February 15, 2017	<ul style="list-style-type: none"> Formed two subcommittees on Stipends and Recalls Continued discussions on charges
March 1, 2017	<ul style="list-style-type: none"> Received an ethics presentation from Alan Bojorquez of the Texas Center for Municipal Ethics
March 15, 2017	<ul style="list-style-type: none"> Formed a third subcommittee on Ethics Continued discussions on charges
April 19, 2017	<ul style="list-style-type: none"> Reviewed 3 subcommittee recommendations
May 17, 2017	<ul style="list-style-type: none"> Reviewed and voted on final Committee recommendations

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CRC Subcommittees

Subcommittee	Co-Chairs	Members	Meetings
Stipend	Sheryl English Bob Bland	Steve Sullivan Annetta Ramsay Kyle Eaton Stu Moorhead Monica Glenn	<ul style="list-style-type: none"> Formed on February 15 Held 2 meetings
Recall	Mike Upshaw Jorge Urbina	Erin Clegg David Zoltner Billy Cheek Ron Johnson Collette Johnson	<ul style="list-style-type: none"> Formed on March 15 Held 3 meetings
Ethics	Jim Alexander Patrice Lyke	Phil Gallivan Herbert Holl Joe Mulroy Marty Rivers Prudence Sanchez	<ul style="list-style-type: none"> Formed on March 15 Held 5 meetings

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Charter Amendment History

- The Charter was adopted in 1959; it has only been amended 5 times. Below are a few items of significance:
 - **1976** – Identification of council places
 - **1979** – Increased the number of council persons from 5 to 7; added that the mayor would be elected directly by the voters; and established that places one, two, three, and four shall be residents of a geographically defined district
 - **1999** – Clean up of the charter to conform to Texas law and add gender neutral language
 - **2006** – Inclusion of a reference to the City Auditor; clarification on who sets salaries; and deleted the requirement that the city manager, mayor, and director of Planning be ex-officio members of the Planning and Zoning
 - **2009** – Clarified that council members may serve three full consecutive 2-year terms in a place, after which council members may be elected to another place on the council, but no longer than 12 consecutive years; clarified residency requirements for council members; and established that a vacancy in the office of mayor during an unexpired term will be filled by a special election, not the mayor pro tem

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1) Districts

Question:

- Should the composition of the Council change to 6 single-member council districts and 1 at-large mayoral district?

Issues Identified:

- Committee reviewed council compositions of other cities and average number of residents per council member
- Committee discussed increasing from 7 to 9 representatives, but decided not to proceed further or to request an amended charge
- Committee determined the current council composition of 4 single-member council districts, 2 at-large council members, and 1 at-large mayoral district should remain
- With the present composition, every citizen gets to vote for 4 out of 7 council member positions

Committee Recommendation:

- Unanimous recommendation by committee to make no revisions

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2) Terms

Question:

- Should the current 3 consecutive two-year term limitations be changed?

Issues Identified:

- Discussed if current term limits should be maintained or if it should be changed to 2 consecutive three-year terms
- Committee acknowledged the pros and cons of two- or three-year terms and the points that were covered by the previous Charter committee in 2009
- Determined that the topic had been thoroughly discussed and considered previously
- Two-year terms were deemed to provide accountability for elected officials

Committee Recommendation:

- Unanimous recommendation by committee to make no revisions

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3) One-year District Eligibility Requirement

Question:

- Should the current one-year district residency eligibility requirement be amended?

Issues Identified:

- Clarify that a person running for office must have resided within the corporate limits of Denton and within the district or at-large place in which elected for at least one year preceding his or her election
- Change "resided" to "domiciled" – defined as principal place of establishment to address concerns of multiple addresses or residences

Committee Recommendation:

- Unanimous recommendation by committee for proposed revision

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4) Recall Petition

Question:

- Should the percentage signature requirement for recall petitions be increased?

Issues Identified:

- Recognized community concerns regarding the number of signatures required to obtain a recall in single-member council seats who are unopposed in their elections
- Reviewed recall standards of other communities; comparable communities were closer to 35%
- Reviewed voter turnouts, voter registrations, and weighed using another method
- Found that the last recall petition and election was anomaly
- Recognized the considerable cost of recall elections; however, signatures required should not be unduly burdensome to voters

Committee Recommendation:

- Increase the signature requirement for a recall petition from 25% of votes cast for that seat to 35%
- Unanimous recommendation by committee for proposed revision

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5) City Auditor

Question:

- Should the appointment, duties, and responsibilities of the city auditor be clarified?

Issues Identified:

- Ambiguity in current Charter language if the position is mandatory; Committee determined it was **a mandatory appointed position**
- Clarify city auditor's main duties and responsibilities in the Charter
- Desire for the Council to maintain some flexibility to fulfill this role
- Clarify that the city auditor is independent of the city manager and their staff

Committee Recommendation:

- Unanimous recommendation by committee for proposed revision

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6) Ethics

Question:

- Should the current conflict of interest and nepotism provisions be replaced with alternative ethics provisions?

Issues Identified:

- Under the current Charter, City Council could adopt an Ethics Ordinance
- However, provisions adopted in an Ethics Ordinance could conflict with the two current Charter ethics provisions if different:
 - **Personal Interest** - Any officer or employee with a substantial interest in a business or real property, as defined by chapter 171, shall comply with the chapter and shall abstain from voting on such matter.
 - **Nepotism** - No person shall be appointed to an office or be employed by the City of Denton who is related to any member of the council within the second degree of affinity or the third degree of consanguinity, and this shall apply to heads of departments in their respective departments.

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6) Ethics

Committee Recommendation:

- Charter Language - Recommended adopting Charter language that City **Council shall adopt an ethics ordinance** that addresses 4 ethics components at a minimum
- Ethics Ordinance - In addition to recommended Charter language, the committee recommended several issues to be addressed at a minimum by Council in an ethics ordinance.
- Unanimous vote for approval on May 17

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Recommended Charter Language for Ethics:

The City Council shall adopt an ethics ordinance. At the minimum, the ethics ordinance shall incorporate the conflict of interest standards that appear in chapter 171 of the Texas Local Government Code and all state law as presently exist or may be hereafter amended or adopted. The Council may adopt more stringent standards than those that appear in state law, but the ethics ordinance shall at a minimum include the following components:

- (1) Definition of a prohibited improper economic interest and personal gain;
- (2) Definition of recusal and improper participation when a potential conflict of interest is present;
- (3) Avoidance of appearance of conflict of interest; and
- (4) Administration and enforcement of ethics ordinance coupled with strong and meaningful remedies for infraction.

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Recommended Elements of an Ethics Ordinance:

- Elected and appointed officials **shall recuse themselves** from any discussion or agenda item wherein a conflict or appearance of conflict of interest may exist. Recusal shall mean not only NOT VOTING but also not participating in discussions, deliberations, or lobbying regarding the matter or closely related matters, either in the public forums or otherwise.
- **Conflict** shall be at a minimum as defined in the state law and more stringent in that percentage of ownership shall not be greater than 2 % or \$ 500, whichever is less, nor income derived be greater than \$ 1,000 for either prior or current year. Conflict criteria shall apply to officials and appointees who have fiduciary relationships with parties with pecuniary interest in such matters.
- Elected and appointed officials **shall comply with all applicable laws of the State of Texas**, including but not limited to Local Government Code Chapter 145, Local Government Code Chapter 171, Local Government Code Chapter 176, Penal Code, Sections 36.02, 36.03, and 36.04.
- **Ethics complaints shall be heard by a three-person panel** with mediation and arbitration experience. Council shall select and determine remuneration for a panel pool of not less than seven so that a rotating sequence may be established.
- **A mandatory Ethics training regimen shall be adopted and enforced** for all elected and appointed public officials. The regimen shall address both introductory and ongoing training with a minimum of quarterly continuing education for Ethics.
- **Consideration shall be undertaken to include all city employees** under the Ethics Ordinance to promote employee ethics education, compliance and ongoing training. Care should be exercised to fully interface existing policies and procedures to avoid management conflicts.

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7) Salary or Stipend

Question:

- Should a salary or stipend be established for council members?

Issues Identified:

- Committee determined a stipend was appropriate; the Subcommittee was tasked with determining a proper amount
- Stipend would help **promote a more diversified city council**
- Reviewed other city council stipend amounts, reviewed poverty levels, and considered that it should be an amount in recognition for the time and effort spent

Committee Recommendation:

- \$750/month for Council Member and \$1,000/month for Mayor; Council can vote to increase a maximum of 3% annually
- Unanimous vote for approval on April 19

Charge #3 - One-Year District Eligibility Requirement

Amend the following section:

Sec. 2.02. - Qualifications.

- (a) Each member of the council, in addition to having the other qualifications prescribed by law:
 - (1) Shall be registered to vote in the city;
 - (2) Shall have ~~resided~~ domiciled for at least one year next preceding his or her election within the corporate limits of Denton and, if running within a single member geographic district, or at large place five (5) requiring ~~residency a domicile~~ in district one (1) or two (2), or at large place six (6) requiring ~~residency a domicile~~ in district three (3) or four (4), as set forth in Section 2.01, for at least one year preceding his or her election in the district in which elected; further, shall continuously ~~reside~~ be domiciled within the corporate limits of Denton and, if elected within a single member geographic district, or at large place five (5) requiring ~~residency a domicile~~ in district one (1) or two (2), or at large place six (6) requiring ~~residency a domicile~~ in district three (3) or four (4), in the district in which elected throughout his or her term of office.
 - (3) Shall not hold any other public office of emolument;
 - (4) Shall have and maintain the eligibility requirements for municipal officers set forth in Section 141.001 of the Texas Election Code, Vernon's Texas Civil Statutes Annotated hereinafter referred to as "Election Code" as it may now read or hereafter be amended.
- (b) If a member of the council shall, after being elected, cease to possess any of these qualifications or eligibility requirements, or shall hold another office of emolument, or enter a plea of guilty to a felony, or be convicted of a felony he or she shall immediately forfeit his or her office.

(Ord. No. 79-86, § 2, 12-11-79, ratified 1-19-80; Ord. No. 99-057, Amend. No. 5, 2-16-99, ratified 5-1-99; Ord. No. 2009-199, Amend. No. 2, 9-1-09, ratified 11-3-09)

Charge #4 – Recall Percentage

Amend the following section:

Sec. 4.13. - Filing and certification of petitions, recall election.

- (a) All papers comprising a recall petition shall be assembled and filed with the city secretary as one instrument. Within seven (7) days after a petition is filed, the city secretary shall determine whether each paper bears the names of five (5) electors who constitute a committee of the petitioners, and the required affidavit of the circulator thereof, and whether the petition is signed by qualified voters of the constituency of the councilmember whose removal is sought equal in number to at least ~~twenty-five (25)~~ thirty-five (35) percent of the number of the votes cast for that councilmember and all of his opponents in the last preceding general municipal election in which he was a candidate. As used herein "constituency" shall mean the qualified voters eligible to vote for the councilmember whose removal is sought, either by geographical district or at large, as the case may be.
- (b) If the city secretary finds the petition insufficient he shall return it to the committee of the petitioners, without prejudice, however, to the filing of a new petition based upon new and different grounds, but not upon the same grounds. If the city secretary finds the petition sufficient and in compliance with the provisions of this Article of the Charter he shall submit the petition and his certificate of its sufficiency to the council at its next regular meeting and immediately notify the councilman whose removal is sought of such action.
- (c) If the councilman whose removal is sought does not resign within seven (7) days after such notice the city council shall thereupon order and fix a date for holding a recall election not less than thirty (30) nor more than sixty (60) days after the petition has been presented to the council. If no general election is to be held within this time the council shall provide for a special election.

(Ord. No. 79-86, § 2, 12-11-79, ratified 1-19-80)

Charge #5 - City Auditor

Amend the following section:

Sec. 6.04. - City Internal aAuditor.

~~The city auditor shall be appointed by the council and shall serve at the pleasure of the council, and shall perform such auditing duties as may be assigned from time to time by the council, or by the city manager at the direction of the council.~~

The City Internal Auditor shall be appointed by the City Council, shall serve at the pleasure of the City Council, and shall perform such auditing duties herein described or as may be assigned by the Council. The position of the City Internal Auditor is to be held on a continuous, fulltime basis. On an interim basis, the City Council may engage external independent auditing resources to accomplish the Internal Audit function.

The City Internal Auditor is responsible for providing (a) an independent appraisal of City operations to ensure policies and procedures are in place and complied with, inclusive of purchasing and contracting; (b) information that is accurate and reliable; (c) that assets are properly recorded and safeguarded; (d) that risks are identified and minimized; and (e) that resources are used economically and efficiently, and that the City's objectives are being achieved.

The City Internal Auditor is responsible for directing all internal audit functions for the City of Denton to eliminate waste, fraud, and abuse.

Charge #6 – Ethics

Charter Changes

Delete the following sections:

~~Sec. 14.04. — Personal interest.~~

~~Any officer or employee of the city having a substantial interest in a business entity or real property, as those terms are defined in chapter 171 of the Texas Local Government Code as it now reads or may hereafter be amended, shall comply with Chapter 171 and, if necessary, shall abstain from voting on a matter involving the business entity or real property and file an affidavit setting forth the substantial interest in the matter to be voted upon.~~

~~(Ord. No. 79-86, § 2, 12-11-79, ratified 1-19-80; Ord. No. 99-057, Amend. No. 25, 2-16-99, ratified 5-1-99)~~

~~Sec. 14.05. — Nepotism.~~

~~No person shall be appointed to an office or be employed by the City of Denton who is related to any member of the council within the second degree of affinity or the third degree of consanguinity, and this shall apply to heads of departments in their respective departments. This does not apply to a person who was appointed or employed by the city prior to the election or appointment of the council member.~~

~~(Ord. No. 2006-232, Amend. No. 23, 8-28-06, ratified 11-7-06)~~

Add the following section:

The City Council shall adopt an ethics ordinance. At the minimum, the ethics ordinance shall incorporate the conflict of interest standards that appear in chapter 171 of the Texas Local Government Code and all state law as presently exist or may be hereafter amended or adopted. The Council may adopt more stringent standards than those that appear in state law, but the ethics ordinance shall at a minimum include the following components:

- (1) Definition of a prohibited improper economic interest and personal gain;
- (2) Definition of recusal and improper participation when a potential conflict of interest is present;
- (3) Avoidance of appearance of conflict of interest; and
- (4) Administration and enforcement of ethics ordinance coupled with strong and meaningful remedies for infraction.

Charge #6 – Ethics

Ordinance Recommendations

It is recommended the Ethics Ordinance address the following issues at a minimum:

Elected and appointed officials shall recuse themselves from any discussion or agenda item wherein a conflict or appearance of conflict of interest may exist. Recusal shall mean not only NOT VOTING but also not participating in discussions, deliberations, or lobbying regarding the matter or closely related matters, either in the public forums or otherwise.

Conflict shall be at a minimum as defined in the state law and more stringent in that percentage of ownership shall not be greater than 2 % or \$ 500, whichever is less, nor income derived be greater than \$ 1,000 for either prior or current year. Conflict criteria shall apply to officials and appointees who have fiduciary relationships with parties with pecuniary interest in such matters.

Elected and appointed officials shall comply with all applicable laws of the State of Texas, including but not limited to Local Government Code Chapter 145, Local Government Code Chapter 171, Local Government Code Chapter 176, Penal Code, Sections 36.02, 36.03, and 36.04.

Ethics complaints shall be heard by a three-person panel with mediation and arbitration experience. Council shall select and determine remuneration for a panel pool of not less than seven so that a rotating sequence may be established.

A mandatory Ethics training regimen shall be adopted and enforced for all elected and appointed public officials. The regimen shall address both introductory and ongoing training with a minimum of quarterly continuing education for Ethics.

Consideration shall be undertaken to include all city employees under the Ethics Ordinance to promote employee ethics education, compliance and ongoing training. Care should be exercised to fully interface existing policies and procedures to avoid management conflicts.

Charge #7 - Stipend

Add the following section:

Each member of the City Council shall receive compensation in the form of a monthly stipend as set forth in this section. The initial monthly stipend shall be Seven Hundred Fifty Dollars (\$750) for each member of City Council elected from a district or at large position, and One Thousand Dollars (\$1,000) for the Mayor elected at large. These initial amounts shall become effective on ratification of this charter provision.

City Council may, by a separate ordinance, approve an adjustment in the stipend no more frequently than once per fiscal year, but no increase in such compensation shall take effect until commencement of the terms of the Mayor and/or Council Members elected at the next regular election. Any increase in the stipend approved by ordinance shall not exceed three (3) percent per adjustment of the current stipend amount. Any increase greater than 3 percent shall require a two-thirds (2/3) vote of approval by the Council. The stipend shall be reported in the annual city budget as a separate line item.