



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Finance

DCM: Bryan Langley

DATE: December 5, 2017

SUBJECT

Consider adoption of an ordinance of the City of Denton, Texas determining compensation in the form of a monthly stipend for the Mayor and City Council Members; establishing miscellaneous parameters for the administration of such stipends; providing for severability; and establishing an effective date.

BACKGROUND

On November 7, 2017, the City held a Charter election in which Proposition E, providing for an initial monthly stipend for the Mayor and City Council members, was passed by the electorate. The initial monthly stipend included in the proposition was \$1,000 per month for the Mayor and \$750 per month for each City Council member. The City Council canvassed the results of the election and ratified the proposition, along with other successful propositions, on November 20, 2017 (Ordinance No. 2017-373). This ordinance further assigned Section 2.14 of the City Charter to Proposition E.

In accordance with previous determinations provided by the City's Legal Department to both the Charter Review Committee and City Council, the stipend will be subject to applicable income tax, Federal Insurance Contribution Act ("FICA") and Medicare withholdings as determined by the Internal Revenue Service ("IRS") and Social Security Administration ("SSA"). As such, the Mayor and City Council members will be treated as employees for the purpose of these withholding. If desired, the stipend may be rejected by written notification to the City Manager. For the purpose of Fair Labor Standard Act ("FLSA") requirements such as overtime and minimum wage, and pension, health care and other employer provided benefits, the Mayor and City Council members will not be treated as employees and therefore not eligible to receive. The City's Human Resources Department will be providing all necessary paperwork to the Mayor and City Council members for completion in order to input all necessary information into the City's Human Resources Information System ("HRIS"). This information will then be utilized by the City's Finance Department to calculate applicable withholdings, disburse payroll, and ensure accurate and timely reporting to the IRS and SSA, including annual W-2 reporting.

The Finance Department anticipates that the first payroll disbursement will be on December 8th, pending receipt of necessary paperwork. Subsequent disbursements will be made to the Mayor or Council member seated at the beginning of each month.

RECOMMENDATION

Staff recommends approval of the ordinance.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

None.

STRATEGIC PLAN RELATIONSHIP

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: Organizational Excellence

Related Goal: 1.1 Manage financial resources in a responsible manner

EXHIBITS

1. Agenda Information Sheet
2. Ordinance

Respectfully submitted:
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