

Capitola City Council

Agenda Report



Meeting: September 8, 2022

From: Finance Department

Subject: Consider an Ordinance Amending Capitola Municipal Code Section 2.04.275 as Recommended by the Finance Advisory Committee

Recommended Action: Consider the Finance Advisory Committee recommendation to adjust Council Member compensation and approve the first reading of an Ordinance amending Capitola Municipal Code Section 2.04.275 pertaining to City Council Member salary to provide an adjusted salary of \$660 per month for members of the City Council, to be effective upon the start of new terms of office following the November 2022 General Municipal Election.

Background: This past June, City Council requested the Finance Advisory Committee (FAC) review City Council Member compensation and make a recommendation to the City Council.

In 1966, City Council Member salaries were established at \$75 per month by Ordinance No. 283. Salaries were subsequently increased to \$150 per month by the adoption of Ordinance No. 418 on July 11, 1977, \$300 per month by Ordinance No. 716 adopted July 11, 1991, and \$500 per month by Ordinance No. 901 adopted March 23, 2006.

On September 12, 2019, City Council adopted Ordinance No. 1032 amending Capitola Municipal Code Section 2.04.275; approving an adjusted salary of \$600 per month upon the start of new terms following the November 2020 General Municipal Election.

California Government Code Section 36516 allows the City Council to increase its compensation by an amount equal to 5 percent for each calendar year from the operative date of the last adjustment, provided the City Council approves the increase by Ordinance and the increase does not go into effect until after the next General Municipal Election, when new terms of office begin. For purposes of Government Code Section 36516, the operative date of the last salary adjustment was December 2020.

Discussion: At the FAC meeting on July 19, 2022, the committee discussed City Council Member compensation. That discussion included a review of the compensation history listed above and compared the current salary to other cities within Santa Cruz, Monterey, and San Benito counties. The 11 comparable cities that were used are the same cities used for the 2020 employee compensation study: Santa Cruz, Watsonville, Scotts Valley, Marina, Seaside, Carmel, Pacific Grove, Monterey, Pismo Beach, Gilroy, and Hollister.

Along with the salary of the mayor and council members for each city, the FAC also considered the population, the overall revenue, and revenue per capita (Attachment 1). Government Code Section 36516 permits an increase of 5 percent for each calendar year from December 2020. The maximum adjusted salary permitted by law in December 2022 is \$660 per month.

Following the discussion, the FAC unanimously approved recommending an increase to Council Member compensation of 5 percent per year (2021 & 2022) to \$660 per month. The FAC also briefly discussed providing additional benefits for City Council Members such as health care, dental and vision coverage, but did not include additional benefits as part of their recommendation at this time. Additionally, the FAC recommended that City Council Member compensation be

reviewed by the FAC as part of the budget review process each year, with potential adjustments every two years, to consider more frequent cost of living adjustments. FAC members Mayor Sam Storey and Vice Mayor Margaux Keiser abstained from voting on the recommendation.

Fiscal Impact: Increasing Council Member salaries to \$660 per month will have a fiscal impact of approximately \$3,800 annually, which includes \$3,700 in salaries and \$100 in benefits and employer payroll taxes. The impact in FY 2022-23 would be approximately half of the annual impact.

Attachments:

1. 2022 City Council Compensation Comps
2. Proposed Ordinance

Report Prepared By: Jim Malberg, Finance Director

Reviewed By: Chloé Woodmansee, Assistant to the City Manager; Tamar Burke, Assistant City Attorney

Approved By: Jamie Goldstein, City Manager