



CITY OF CLEARLAKE

City Council

STAFF REPORT

SUBJECT: Consideration of Cost-of-Living Adjustment for Management Employees and Corresponding Update to the City Salary Schedule

MEETING DATE: July 16, 2026

SUBMITTED BY: Alan Flora, City Manager

PURPOSE OF REPORT: ☐ Information only ☒ Discussion ☒ Action Item

WHAT IS BEING ASKED OF THE CITY COUNCIL:

The City Council is being asked to consider a cost-of-living adjustment (COLA) for employees under the Management/Confidential Employees Classification and Benefit Plan (MBP) and approve the corresponding update to the salary schedule.

BACKGROUND/ DISCUSSION:

An updated MBP was adopted by the Council in 2023. According to Section 6-2.1 Salary Adjustments of the MBP, "Management Employees shall receive a salary adjustment each July 1st. The salary adjustment shall take into consideration the March-to-March U.S. All Urban Cities Consumer Price Index, equity adjustments based on the labor market, and the financial condition of the City." The recent Consumer Price Index (CPI) March to March increases were 1.9% in 2019, 1.5% in 2020, 2.6% in 2021, 8.5% in 2022, 5% in 2023, 3.5% in March 2024, and 2.4% in March 2025.

While inflation has fluctuated this year as seen in the attached information from the Bureau of Labor Statistics (BLS), the BLS reported a 3.3% Consumer Price Index (CPI) increase from March 2025 to March 2026. Staff recommend that the Council approve a 3% Cost of Living Adjustment (COLA) for employees covered by the management benefit plan, aligning them with the percentage already offered to the bargaining units.

OPTIONS:

1. Authorize a Salary Adjustment effective July 1, 2026, for management employees consistent with the Management Benefit Plan and approve the updated FY 2026/27 salary schedule.
2. Provide Direction to Staff.

FISCAL IMPACT:

☐ None ☐ \$ Budgeted Item? ☒ Yes ☐ No

Budget Adjustment Needed? ☐ Yes ☒ No If yes, amount of appropriation increase: \$

Affected fund(s): ☐ General Fund ☐ Measure P Fund ☐ Measure V Fund ☐ Other:

Comments:

The recommended salary increases for the Management group and other previously negotiated cost of living adjustments have been included in the FY 2026-27 Budget.

STRATEGIC PLAN IMPACT

- ☐ Goal #1: Economic Development
- ☐ Goal #2: Public Facilities and Infrastructure
- ☐ Goal #3: Celebrate Clearlake
- ☐ Goal #4: Clean
- ☒ Goal #5: Fiscal Sustainability
- ☐ Goal #6: Safe

SUGGESTED MOTIONS:

☒ **Attachments:**

1. Management Benefit Plan
2. CPI Press Release
3. Updated FY 26/27 Salary Schedule