



STAFF REPORT

MEETING DATE: September 11, 2024

PRESENTER: John Jansons, City Manager and Hilda Cantu Montoy, City Attorney

SUBJECT: Consideration and First Reading of an Ordinance to Increase City Council Compensation (JJ & HC)

RECOMMENDATION: That pursuant to Council direction of August 28, 2024, the City Council waive full reading and consider introduction at this meeting and adoption at the following meeting of Ordinance Amending Section 2.40.010 of Title 2, Chapter 2.40 of the Kerman Municipal Code Regarding City Council Compensation. The ordinance compensation amounts are within allowable limits set forth by Government Code Section 36516.

BACKGROUND:

At its meeting of August 28, 2024, the Council considered whether to direct staff to prepare an ordinance increasing City Council compensation. The discussion and ability of Council to make such changes is governed by Senate Bill 329, which became effective on January 1, 2024. SB 329 amended Section 36516 of the Government Code to now allow for Council compensation for a city with a population under 35,000, such as Kerman, to be set in an amount up to \$950 per month.

Prior law set the maximum Council compensation for a city with a population under 35,000 at \$300/month. The City's current ordinance complies with the prior maximum of \$300/month. Section 2.40.010 states:

"Commencing with and effective upon any person beginning a new term as a city council member after the general election in November, 2008, the salary of each city council member shall be one hundred twenty-five dollars per meeting.

No compensation will be awarded for a meeting to any council member who fails to attend that meeting, regardless of the reason, and the compensation paid to any council member for his or her duties as a council member and as a member of the Kerman redevelopment agency shall not exceed three hundred dollars per month in the aggregate.

In the year prior to a general election for the election of members of the city council, the city manager shall ask the city council to consider whether the compensation of the council, redevelopment agency members, and planning commissioners should be changed, with any such changed to become effective upon the commencement of new terms of any of said officers

After deliberating on this matter at the August 28th meeting, the Council directed that compensation for Council Members be set at \$500 and compensation for the Mayor be set at \$700. As we began drafting the ordinance, we noted the current ordinance provides for \$125 compensation for each meeting which equals \$250 per month with a cap of \$300 per month. The higher amount accounts for special meetings.

As Council direction was \$500 per month for Council Members and \$700 for the Mayor, the proposed ordinance provides that Council Members will receive \$250 per meeting and the Mayor will receive \$350 per month. As with the current ordinance, a cap of \$600 for Council Members and \$800 for the Mayor was set to account for special meetings.

Note that the proposed ordinance retains the following text from current ordinance:

In the year prior to a general election for the election of members of the City Council, the City Manager shall ask the City Council to consider whether the compensation of the Council, and Planning Commissioners should be changed, with any such change to become effective upon the commencement of new terms of any of said officers.

The proposed ordinance compensation amounts are within allowable limits set forth by Government Code Section 36516.

DISCUSSION:

Government Code 36516 now sets \$950.00 amount as the maximum that can be set upon adoption of the ordinance, and that, as explained below, periodic increases beyond these base amounts are permitted. SB 329 states two reasons for the increase. First, “[t]he compensation schedule for general law cities has not been adjusted since 1984, meaning that city council compensation has not kept pace with inflation.” (SB 329 § 1(a).) Second, “[a]llowing cities to adjust their compensation for inflation since 1984 may help city councils become more diverse because increased compensation can help individuals from across different income levels receive sufficient income from their service to help ensure that they can continue to serve the public and support their families.” (SB 329 § 1(b).)

Section 36516 also includes a formula for increasing councilmember compensation following the original adoption of an ordinance, which formula was amended by SB 329. The increases may not exceed the greater of the following:

- The increase cannot exceed 5% for each calendar year;
- The increase cannot exceed the amount of inflation since January 1, 2024, based on the California Consumer Price Index. The inflation-based increase is capped at 10% for each calendar year. [This alternative was added by SB 329.]

This means the Council can increase compensation annually either a fixed CPI amount, not to exceed 5% per year; or, by up to 10%, depending on CPI. The advantage of the fixed amount is that the increase is not dependent on actual CPI for each year, so if the CPI is low or negative,

the compensation would increase by the fixed percentage regardless. The advantage of the CPI-up-to 10% increase is that in times like the last couple of years where inflation is so high, Council compensation increases would more closely match cost of living increases.

If the Council were to adopt the ordinance increasing compensation, the entire Council would become eligible for the salary increase by virtue of one or more Council members beginning a new term of office, following the November 5, 2024 election.

Other Considerations:

- An elected mayor may by Ordinance or ballot measure be provided with additional compensation. Gov’t Code § 36516.1.
- Council may increase compensation by amounts lower than those provided for in the statute.
- The enacting Ordinance cannot provide for automatic increases.
- The increases are not compounded year-to-year but rather are based on the amount of compensation as adopted by the most recent ordinance.
- All increases must be adopted by Ordinance.
- SB 329 adds the following requirements to the adoption of or amendment to an Ordinance.
 - Any proposed Ordinance, including findings justifying the need for increased compensation, must be presented at the first meeting – typically, legislative actions do not require findings, so it is noteworthy that Council compensation increases do.
 - The adoption of the Ordinance can take place at the second meeting, which must be held at least seven days after the first meeting -- this differs from the typical five-day waiting period between the introduction and adoption of an ordinance.

FISCAL IMPACT:

Table 1, depicts the resulting change in Council compensation annually. As discussed above, a “Special” or extra meeting during a month would increase Council compensation by an additional \$100 per month, maximum, not shown below. The City General Fund is adequate to absorb the increase in proposed Council Member compensation and will be adjusted for at the Mid-Year Budget review and annually thereafter..

Table 1

Current/Budgeted	\$250	\$3,000	\$367	\$16,835
Proposed	\$500 Council/\$700 Mayor	\$32,400	\$3,962	\$36,362
			Total Increase	\$19,527

ATTACHMENTS:

- A. Ordinance