

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: TERESA STRICKER, CITY ATTORNEY
CITY ATTORNEY'S OFFICE
SUBJECT: OPTIONS FOR INCREASING FUTURE COUNCIL
COMPENSATION

AGENDA ACTION: STUDY SESSION

RECOMMENDATION

It is recommended that Council conduct a study session to consider options for increasing future Council Member compensation. No action to be taken, but Council may provide direction to staff.

EXECUTIVE SUMMARY

Council Members currently receive a salary of \$1,480 per month. In accordance with the City Charter, the Mayor receives a salary equal to 150% of the Council Member salary, equating to \$2,220 per month. In addition to their salaries, all members of Council are entitled to receive health, vision, dental, life insurance, long-term disability, retirement and other benefits.

The City Charter allows the Council, by ordinance, to adjust Council Member salaries consistent with the provisions of state law that set salaries for council members in general law cities based on population.

In 2022, the City's Charter Review Committee recommended placing a measure on the ballot to amend the City Charter to increase Council Member salaries by tying Council compensation to the County's Area Median Income (AMI) for a family of three. Specifically, the Committee recommended setting the Mayor's Compensation at 100% of the AMI for a family of three, and setting Council Member salaries at 2/3 of that amount. The Committee found that increasing Council Member compensation would increase the economic diversity of Council Member candidates and more fairly reflect the work and responsibilities of membership on the Council. This recommendation followed several meetings of the Charter Review Committee, in which the Committee considered a variety of compensation options.

After considering the matter at several meetings in 2022, the Council directed staff to return with a resolution to place such a measure on the ballot in November 2024, with

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an effective date of January 2025. Subsequently, Council considered and ultimately adopted Ordinance ORD-2022-018 in December 2022 increasing Council Member compensation to current levels based on state law.¹ Prior to that time, Council Member salaries had not been adjusted since 2005.

Subsequently, on June 29, 2023, Governor Newsom signed Senate Bill 329, which took effect on January 1, 2024. The bill amended Government Code Section 36516 to increase the maximum amount of salary that Council Members may receive based on population. Since Santa Rosa's Charter ties the amount of Council Member compensation to State law, SB 329 allows the City Council to adopt an ordinance to increase Council Member compensation to \$2,550 per month, and the Mayor's compensation to \$3,825 per month, effective for all members of Council when any Council member begins a new term.

Council has three options to consider in this study session: (1) direct staff to prepare a ballot measure to be submitted to the voters to amend the charter amendment to tie Council Member salaries to a percentage of the County's AMI for a family of three as recommended by the Charter Review Committee or based on some other formula, (2) direct staff to prepare an ordinance to increase Council Member compensation to up to \$2,550 per month (\$30,600 per year) as authorized under SB 329, and up to \$3,825 per month (\$45,900 per year) for the Mayor, which would take effect for all members of Council when the next Council Member takes office, or (3) provide no direction to staff, in which case staff will not prepare an item for further Council consideration.

BACKGROUND

Section 4 of the City Charter provides that the Council may, by ordinance, provide for compensation of its members in accordance with an amount authorized by state law, and that the Mayor shall receive 150% of Council Member salary. California Government Code Section 36516, in turn, sets forth a schedule for city council member compensation based on population.

SB 329 amended Section 36516 to increase the authorized maximum salaries for city council members under state law. For Santa Rosa, which has a population of approximately 177,181, Council may by ordinance increase Council Member salaries to up to \$2,550 per month.

SB 329 provides that Council may increase the initial \$2,550 per month by up to the greater of (1) 5% for each year from the date of the last salary adjustment or (2) the increase in inflation since January 1, 2024, capped at 10% per calendar year. The 5% per year increase cannot be compounded but may accumulate over time if not applied. For example, if no salary adjustment has been made for a period of ten years, the

¹ As a result of an inadvertent clerical error in ORD-2022-018, the Ordinance set the Mayor's salary \$20 per month lower than the amount required by Charter. That error was recently discovered, and Council adopted Ordinance ORD-2024-001 on January 30, 2024, correcting the error retroactive to the date the salary increase in ORD-2022-018 first took effect.

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allowable increase beyond \$2,550 per month using the 5% per year formula will equal 5% x 10 years, an increase of 50%. SB 329 requires any ordinance increasing Council compensation to include findings demonstrating the need for increased compensation.

In addition to their salaries, the Mayor and Council Members are eligible to receive health, vision, dental, life insurance, long-term disability, retirement and other benefits. The current value of those benefits ranges from approximately \$19,700 to \$37,700 per year. These benefits are not included for purposes of determining Council salaries under SB 329.

PRIOR CITY COUNCIL REVIEW

On September 13, 2005, the City Council, by Ordinance 3741, set Council member salaries at \$800 per month and the Mayor's salary at \$1,200 per month.

On August 17, 2021, the City Council, by Resolution No. RES-2021-147 established the 2022 Charter Review Committee and provided a list of twelve issues for the Committee's consideration, including the issue of Council compensation.

On May 24, 2022, Council held a study session to receive the Charter Review Committee's Final Report and Recommendations, including a recommendation for increased Council compensation.

On June 21, 2022, Council considered and discussed the Committee's recommendations. The Council directed staff to return with three proposed ballot measures for Council's consideration, including a measure to provide for increased Council compensation.

On July 12, 2022, the Council directed staff to prepare resolutions to place three measures on the November 2022 ballot, including a ballot measure to amend the City Charter to increase Council compensation, tying Mayor compensation to 100% of the County's AMI for a family of three and Council compensation to 2/3 of that amount, beginning January 2025.

On July 26, 2022, the Council continued an item to consider a resolution to place a measure on the November 2022 ballot to amend the City Charter to increase Council compensation tying the Mayor's compensation to a 100% of the County's AMI for a family of three and Council Member's compensation to 2/3 of that amount, effective January 2025.

On August 9, 2023, Council adopted a motion to direct staff to prepare documents to place a measure on the November 2024 ballot to amend the City Charter to increase Council Compensation, tying the Mayor's compensation to a 100% of the County's AMI for a family of three and Council Member's compensation to 2/3 of that amount, effective January 2025.

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On December 6, 2022, Council introduced – and on December 13, 2022, the Council adopted – Ordinance ORD-2022-018, increasing Council compensation to \$1,480 per month, for an annual salary of \$17,760, and Mayor compensation to \$2,200 per month, for an annual salary of \$26,400.

After staff discovered that Ordinance ORD-2022-018 contained a clerical error in the dollar amount of the Mayor's compensation, on January 9, 2024 the Council introduced – and on January 30, 2024 the Council adopted – ORD-2024-001 to retroactively correct the error in the Mayor's salary to comply with the Charter.

ANALYSIS

Prior to 2022, Council member salaries had been unchanged since 2005. At the suggestion of the Council, the 2022 Charter Review Committee considered the issue of Council compensation.

The Committee considered many alternatives and reviewed council member and mayor salaries in a number of cities, including entities that the City has used in the past as comparable cities for purposes of setting employee compensation, as well as other regional lists. Attached to this report are the same agency lists the Charter Review Committee reviewed, but with updated compensation data.

The Committee ultimately recommended amending the City Charter to tie Council member and Mayor salaries to a percentage of the County's AMI. Specifically, the Committee recommended that the Mayor's salary be set at 100% of the County's AMI for a family of three, and Council Member salaries be set at 2/3 of that amount.

Council considered the recommendation at multiple meetings in 2022 and ultimately voted to postpone submitting the measure to the voters until the November 2024 election. Instead, in late 2022, Council adopted an ordinance increasing salaries to their current level. Should Council now wish to proceed with submitting a measure to the voters at the November 2024 to amend the City Charter's compensation provisions as recommended by the Charter Review Committee, or based on some other formula, staff will prepare the necessary documents for Council's consideration at a future meeting. Attached to this staff report are updated County AMI values. Based on current values, the formula recommended by the Charter Review Committee, if approved by the voters, would result in the Mayor's salary increasing to \$115,300 annually and the Council Members' salaries increasing to \$76,867 annually.

Since 2022, SB 329 increased the amount Council Member salaries may be increased by ordinance. Under SB 329, Council may now, consistent with current Charter provisions, adopt an ordinance to increase Council Member salaries to \$2,550 per month (\$30,600 per year), with the Mayor's resulting salary increasing up to \$3,825 per month (\$45,900 per year), effective for all members of Council when any Council Member begins a new term. Under SB 329, increases to Council Member salary beyond \$2,550 per month may be made in the future up to the greater of (1) a flat 5%

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for each year from the date of the last salary adjustment or (2) the increase in inflation since January 1, 2024, capped at 10% per calendar year.

Should Council wish to consider increasing compensation by ordinance as permitted under SB 329, staff will return at a future meeting with a proposed ordinance.

FISCAL IMPACT

No fiscal impact will result from this study session item.

If the Charter Review Committee's recommended increase occurs setting the Mayor's salary at 100% of the County AMI for a three person household (currently \$115,300 annually) and Council members' salaries at two-thirds of that amount (currently \$76,867 annually) this would result in a \$443,500 increase to the General Fund's operating budget per year.

If the Council elects to move forward under SB 329, by adopting an ordinance to increase Council Member salaries to \$2,550 per month (\$30,600 per year), with the Mayor's salary increased to \$3,825 per month (\$45,900 per year), , the increase to the General Fund's operating budget would be \$114,400 per year.

ENVIRONMENTAL IMPACT

The Council finds that the proposed action is exempt from the provisions of the California Environmental Quality Act (CEQA) under section 15061(b)(3) and 15378 in that there is no possibility that this action could have significant effects on the environment. No environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

The 2022 Charter Review Committee considered the issue of Council compensation in three meetings from December 2021 through April 2022. At the end of its deliberations, the Committee recommended a ballot measure to amend Section 4 of the City Charter to provide an increase in Council compensation, tying Mayor and Council compensation to a percentage of the County's Area Median Income, setting the Mayor's salary at 100% of Area Median Income for a three person household (currently approximately \$115,300 annually) and the Council members' salary at two-thirds of that Area Median Income (currently approximately \$76,867 annually).

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 – Cities Previously Used as Comparable Cities
- Attachment 2 – North Bay Cities

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- Attachment 3 – Select Northern California Cities
- Attachment 4 – 2023 Area Median Income (AMI)

PRESENTER

Teresa Stricker, City Attorney