CITY OF BANNING
STAFF REPORT

TO: **CITY COUNCIL**

FROM: **Douglas Schulze, City Manager**

PREPARED BY: **Doug Schulze, City Manager**

MEETING DATE: **August 27, 2024**

SUBJECT: **Consideration of the First Reading and Introduction of Ordinance 1606, Setting Salaries for City Council**

RECOMMENDATION:

Conduct first reading of Ordinance 1606 and set second reading for September 10, 2024 Regular Meeting of the City Council.

BACKGROUND:

Governor Newsom signed SB 329 into law in July 2023 that allows general law cities to adjust council member salaries for inflation for the first time in almost four decades. Prior to SB 329, city councils in general law cities could vote to receive a limited salary, which was capped based on population size provided in state law. Serving on a city council requires lengthy time commitments and limited pay can discourage many residents from running for office, especially low-income residents, single parents and young people.

Prior to SB 329, city councils in general law cities could vote to receive a limited salary, not to exceed caps based on population size provided in state law. They could not increase their salary annually. This limited mechanism did not allow salaries to stay in line with inflation. In previous decades, the Legislature updated these numbers for inflation, but the last update was in 1984 despite an over 300% increase in the cost of living.

SB 329 (Section 26516 of the Government Code) authorizes city councils to enact an ordinance providing that each member of the city council shall receive a salary based on the population of the city as set forth in paragraph (2) of Gov't. Code Section 26516. In cities up to and including 35,000 in population, the salary can be set up to and including nine hundred fifty dollars ($950) per month. The population is determined by the last preceding federal census, or a subsequent census, or estimate validated by the Department of Finance.

The salary of council members may be increased beyond the amount provided in this subdivision by an ordinance or by an amendment to an ordinance, but the amount of the increase shall not exceed the greater of either (1) an amount equal to 5 percent for each calendar year from the operative date of the last adjustment of the salary in effect when the ordinance or amendment is enacted or (2) an amount equal to inflation since January 1, 2024, based upon the California Consumer Price Index, which shall not exceed 10 percent for each calendar year. An ordinance cannot be enacted or amended to provide automatic future increases in salary.

Any amounts paid by a city for retirement, health and welfare, and federal social security benefits shall not be included for purposes of determining salary under Gov't Code Section 36516. Reimbursements

for actual and necessary expenses pursuant to Section 36514.5 are also not included for purposes of determining salary.

The City Council must consider the adoption of an ordinance to increase compensation in open session during at least two regular meetings of the city council. At the first meeting, the city council shall present the proposed ordinance, which shall including findings demonstrating the need for the increased compensation. At least seven days after the first meeting, the city council must hold a second meeting to consider whether to adopt the ordinance.

JUSTIFICATION:

City Council salaries have not been increased for many years and low compensation may discourage or even prohibit some residents from running for office.

FISCAL IMPACT:

As proposed, the annual cost of the increase to $950 per month from $300 per month will be $39,000

ALTERNATIVES:

Conduct first reading and move ordinance, as written, to September 10, 2024 meeting for consideration.
Conduct first reading and move ordinance, with modification(s), to September 10, 2024 meeting for consideration.
Do not move ordinance forward for second reading and consideration.

BUDGETED?:

No

CONTRACT/AGREEMENT:

No

ATTACHMENTS:

1. Ordinance 1606, City Council Compensation.docx
2. SB 329.pdf