

Agenda Report



MEETING DATE: Tuesday, February 13, 2024

TO: City Council

FROM: CITY ATTORNEY ZUTLER

THROUGH: CITY MANAGER MENDEZ

SUBJECT: COUNCIL MEMBER COMPENSATION ADJUSTMENT

RECOMMENDED ACTION:

Introduce, for first reading only, waiving full reading of the text, Ordinance No. XXX-24, repealing Ordinance No. 1456-23 and replacing it with codified Ordinance No. XXX-24 setting the compensation for each member of the City Council and the Mayor.

BACKGROUND:

On June 29, 2023, Governor Newsom signed Senate Bill 329, which increases the maximum amount of salary that Councilmembers may receive. SB 329, codified at Government Code § 36515, went into effect on January 1, 2024. Compensation increases cannot be effective until a new or incumbent Council Member is seated so, at the earliest, December 2024.

DISCUSSION:

SB 329 amends Government Code section 36516 to increase the authorized maximum salary for each Council Member. The permitted increases are tied to population. Since Watsonville has a population of approximately 52,590, Section 36516 permits Watsonville Council Members to receive up to \$1,600 per month. Any increases beyond \$1,600 per month require voter approval. Watsonville Council Members currently receive \$670.04 per month.

Section 405 of Watsonville's Charter states that Council Members may receive an amount fixed by ordinance, "not to exceed the amount provided in the schedule set forth in Section 36516(a) of the Government Code, and as may be amended. Such amount shall constitute total compensation which may include fringe benefits."

Section 36516 allows Council Members to receive health and welfare benefits. Those benefits may be in addition to the salary permitted under Section 36516, and are not included for the purposes of determining the amount of salary, so long as the benefits are no more than those received by City staff.

Section 405 indicates that any benefit paid to Council Members must be deducted from Council Members' salaries, regardless of whether the City provides that same benefit to City staff. In this way, the City's Charter allows Council Members to receive less total compensation than is permitted by the Government Code and Council Members in other general law cities.

The City's Charter and Section 36516 permit the City Council to increase its salary to \$1,600 by Ordinance. To receive healthcare or other benefits, in addition to the maximum salary permitted under 36516, the City must amend Section 405 of its Charter.

Section 502 of Watsonville's Charter states that the Mayor will receive \$100 in addition to their compensation as a Council Member, totaling their current salary to \$770.06 per month. Thus, if the Council increases Council Member compensation to \$1,600 per month, and makes no changes to its Charter, the Mayor may receive \$1,700 per month.

However, the Charter Subcommittee is recommending that the Council authorize a ballot measure that, if passed, would amend two sections of the Charter affecting Council and Mayoral compensation: 1) Section 405 to permit Council Members and the Mayor to receive salary and benefits consistent with Section 36516; and 2) Section 502 to increase compensation for the Mayor to 25% in addition to the compensation received by Council Members. The attached ordinance is drafted to be consistent with the current Charter. It includes a provision that would permit any changes to Council and Mayor compensation authorized by the voters, without requiring amendment of the Ordinance.

SB 329 specifies that future increases in excess of the amounts in Section 36516 cannot exceed the greater of: (1) five percent per calendar year from the date of last adjustment; or (2) the amount of inflation since January 1, 2024, as determined by the California Consumer Price Index, not to exceed 10 percent per calendar year.¹ Increases beyond the amounts permitted by Section 36516 must be approved by the voters.²

Any increases in compensation do not take effect until a new or incumbent Councilmember is seated.³ If Councilmembers have staggered terms, the change in compensation may apply to the entire Council when any Councilmember begins a new term.⁴ Some Watsonville Councilmembers are up for election in November 2024 so, while the Council may pass an ordinance increasing its compensation at any time, the earliest that the increase may be effective is December 2024.

The proposed Ordinance would set Council Member compensation at \$1,600 per month, effective December, 2024, consistent with Section 36516. That amount will include a \$10 per month contribution by the City for a life insurance when a new term of office for any Council Member commences. The proposed Ordinance would also authorize the Mayor to receive supplemental compensation as permitted by section 502 of the City's Charter.

¹ Cal. Gov. Code § 36516(a)(4).

² Cal. Gov. Code § 36516(b).

³ Cal. Gov. Code § 36516.5

⁴ *Id.*

STRATEGIC PLAN:

This supports Priorities 6 & 7, Community Engagement & Well-Being, and Efficient & Well-Performing Government of the Strategic Plan.

FINANCIAL IMPACT:

Adopting the proposed Ordinance would result in an annual increase in total salaries in the Council's budget of \$85,003.

If the Council votes to place the proposed Charter amendments on the ballot, and the voters adopt the amendments, one of the changes would increase the compensation for the Mayor by an additional 25%, which would result in annual increase in total salaries in the Council's budget of \$90,000.

At this point it is difficult to estimate any increases in benefits, if approved, because no plan has yet been identified.

Any financial impacts would not be realized until the 2024-2025 Fiscal Year, at the earliest, at which time the budget would be amended accordingly.

ALTERNATIVE ACTION:

The City Council could decline to introduce the ordinance, or direct staff to revise the draft presented.

ATTACHMENTS AND/OR REFERENCES (If any):

None.