



# CITY OF COSTA MESA

77 Fair Drive  
Costa Mesa, CA 92626

## Agenda Report

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**File #:** 24-239

**Meeting Date:** 8/6/2024

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**TITLE:**

**CITY COUNCIL FIRST READING OF ORDINANCE TO INCREASE CITY COUNCIL COMPENSATION**

**DEPARTMENT:** CITY MANAGER'S OFFICE- HUMAN RESOURCES DIVISION

**PRESENTED BY:** KASAMA LEE, HUMAN RESOURCES MANAGER

**CONTACT INFORMATION:** KASAMA LEE, HUMAN RESOURCES MANAGER (714) 754-5169

**RECOMMENDATION:**

Staff recommends the City Council introduce for first reading, by title only, Ordinance No. 2024-XX increasing the City Council compensation effective after the general election, with the new City Council in December 2024.

**BACKGROUND:**

In January 2021, the City Council and City leadership team participated in a Strategic Planning workshop and identified Three-Year Goals and Objectives and key priorities for the subsequent six months through July 2021. The City Council developed five goals, one of which is to "Recruit and Retain High Quality Staff." On September 27, 2021, the City Council and City leadership team conducted a second workshop to revisit the Three-Year Goals and Objectives and identify the key priorities for the next six months through March 2022. The City Council Goal to "Recruit and Retain High Quality Staff" was re-affirmed and new six-month objectives were created to better achieve this goal. One of the new objectives was to "Perform a market analysis of City Council compensation for comparable agencies and special districts within the county and report results to the City Manager."

The City Council's current salary rate of \$904.40 per month was last set by Ordinance No. 09-5 in May 2009. The City Council approved a reduction in its salary by 5% in 2009 due to the impacts of the State budget on local government and economic conditions at the time. California Government Code section 36516(a)(4) allows for up to a 5% increase per year from the date of the last adjustment. Specifically, the code states that *"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 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. No ordinance shall be enacted or amended to provide automatic future increases in salary."*

Based on the last adjustment of salary in May of 2009, which took effect in December 2010, the code allows for an increase of up to \$45.22 per month (\$20.88 per payroll period) for each calendar year since 2010 (5% per year for 13 years from 2011 through 2023). This allows for the City Council salary to be increased by \$587.86 per month.

In addition, staff conducted a market analysis of City Council compensations utilizing data from comparable agencies and special districts within the county.

**ANALYSIS:**

Increasing the City Council salary rate by \$587.86 per month would result in a monthly salary of \$1,492.26 per month. In comparison, if an employee works 22 hours per week at the current minimum wage of \$16.00 per week, they would receive an approximate monthly salary of \$1,525 per month.

Below is a summary of salary and benefits provided to the City Council for our five contiguous agencies:

| City             | Population | Police/Fire      | Base Pay                  | Health Benefits* | Allowances (Auto/Tech/Expense) | Total                     |
|------------------|------------|------------------|---------------------------|------------------|--------------------------------|---------------------------|
| Costa Mesa       | 109,521    | Police/Fire      | \$ 904.40                 | \$ 2,550.00      | \$ -                           | <u>\$ 3,454.40</u>        |
| Fountain Valley  | 55,930     | Police/Fire      | \$ 500.00                 | \$ -             | \$ -                           | \$ 500.00                 |
| Huntington Beach | 194,310    | Police/Fire      | <u>\$ 2,055.54</u>        | \$ 857.93        | \$ 1,705.54                    | <u>\$ 4,619.01</u>        |
| Irvine           | 313,685    | Police (No Fire) | \$ 880.00                 | \$ 2,638.63      | \$ 715.00                      | <u>\$ 4,233.63</u>        |
| Newport Beach    | 83,993     | Police/Fire      | <u>\$ 1,605.00</u>        | \$ 1,876.00      | \$ -                           | <u>\$ 3,481.00</u>        |
| Santa Ana        | 308,189    | Police (No Fire) | <u>\$ 1,000.00</u>        | \$ 2,080.00      | \$ 550.00                      | <u>\$ 3,630.00</u>        |
| <b>Average</b>   |            |                  | <b><u>\$ 1,157.49</u></b> |                  |                                | <b><u>\$ 3,319.67</u></b> |

\*Costa Mesa net value taking into account annual deferred compensation maximum allotment.

By increasing the City Council salary to \$1,492.26 per month, the total compensation package would be closer to alignment with the Cities of Huntington Beach and Newport Beach, which are full service (Police and Fire) and more similar in structure to Costa Mesa.

| City             | Population | Police/Fire | Base Pay           | Health Benefits | Allowances (Auto/Tech/Expense) | Total              |
|------------------|------------|-------------|--------------------|-----------------|--------------------------------|--------------------|
| Costa Mesa       | 109,521    | Police/Fire | \$ 1,492.26        | \$2,550.00      | \$ -                           | \$ 4,042.26        |
| Huntington Beach | 194,310    | Police/Fire | \$ 2,055.54        | \$ 857.93       | \$ 1,705.54                    | \$ 4,619.01        |
| Newport Beach    | 83,993     | Police/Fire | \$ 1,605.00        | \$1,876.00      | \$ -                           | \$ 3,481.00        |
| <b>Average</b>   |            |             | <b>\$ 1,717.60</b> |                 |                                | <b>\$ 4,047.42</b> |

Staff has prepared the necessary documents for City Council consideration of an increase to its compensation to \$1,492.26 per month. An ordinance increasing City Council compensation is attached for the first reading. If approved at this meeting, the second reading and adoption would be scheduled for the City Council meeting of September 3, 2024. California Government Code section 36156.5 states that: “A change in compensation does not apply to a council member during the council member’s term of office. This prohibition shall not prevent the adjustment of the compensation of all members of a council serving staggered terms whenever one or more members of the city council becomes eligible for a salary increase by virtue of the council member beginning a new term of office.” City Council compensation adjustments can only be made effective following the next general election. If approved, the new City Council salary would go into effect when the new City Council terms begin after the next general election in 2024.

**ALTERNATIVES:**

The City Council has the following alternatives:

- Give first reading: The City Council may give first reading to the draft Ordinance.
- Give first reading with modifications: The City Council may modify the draft Ordinance and give first reading:
- Not adopt changes to City Council compensation: The City Council may choose to not adopt the proposed increase to Council Compensation.
- Provide alternative direction to staff.

**FISCAL REVIEW:**

The proposed increase is estimated to be effective in December 2024, after the next general election in 2024. The pro-rated fiscal impact in FY 2024/25 is \$3,527.16 for six months per member. There are sufficient salary savings citywide to cover the increase.

**LEGAL REVIEW:**

The City Attorney’s Office has reviewed the ordinance and the report and approved them as to form.

**CITY COUNCIL GOALS AND PRIORITIES:**

This item supports City Council Goal:

- Recruit and Retain High Quality Staff

**CONCLUSION:**

Staff recommends the City Council introduce for first reading, by title only, Ordinance No. 2024-XX increasing the City Council Compensation effective after the general election, with the new City Council in December 2024.