



Department: Administration
Cost Center: 1021
For Agenda of: 4/2/2024
Placement: Consent
Estimated Time: N/A

FROM: Greg Hermann, Deputy City Manager
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SUBJECT: APPROVE BIENNIAL CONSUMER PRICE INDEX INCREASES TO COUNCIL, PLANNING COMMISSION, AND ARCHITECTURAL REVIEW COMMISSION SALARIES

RECOMMENDATION

Adopt a Draft Resolution entitled, "A Resolution of the City Council of the City of San Luis Obispo, California, setting new salaries for the Mayor, Council Members, Planning Commissioners, and Architectural Review Commissioners," effective the first pay period in January 2025.

POLICY CONTEXT

City of San Luis Obispo Charter Section 410 (Compensation) provides that compensation for the Mayor and Council shall be reviewed biennially in even numbered years. Recommended adjustments would then become effective the following January for the next two-year period. Additionally, in 2001 Council adopted Resolution No. 9189, directing a review of compensation for Architectural Review Commissioners and Planning Commissioners in conjunction with its periodic review of Council compensation.

DISCUSSION

The City Council has adopted a "Council Policies and Procedure Manual" to define and ensure the proper conduct of the City's business by the City Council and in compliance with State law and the City's Charter and Ordinances. The Council Policies and Procedures Section 2.6 specifies that a seven-member citizen committee be appointed by January 31st of even numbered years and, further, that committee recommendations be forwarded to the Council no later than May 1st. In 2022 Council amended the Council Policies and Procedures adding Section 2.1.1 (Consumer Price Index Increases.)

During the biennial review period, should Council choose *not* to initiate a comprehensive review of their compensation package via the formation of a Council Compensation Committee, they may direct staff to increase Council, Planning Commission, and Architectural Review Commission salaries based on the CPI. The CPI is updated monthly by the U.S. Bureau of Labor Statistics and measures the average change in prices over

time in a fixed market basket of goods and services. Historically, the city utilizes the CPI for All Urban Consumers in the Los Angeles, Long Beach and Anaheim metropolitan area. Based on the year-end total for January 2023 (5.8%) and January 2024 (2.5%), the following sections break down the proposed salary increases for each body:

- *City Council*

The monthly salaries of the Mayor and Council Members would be increased from \$2,696 to \$2,923 and \$2,139 to \$2,319 per month, respectively. The compensation package for expenses, benefits, and professional development would remain unchanged. This increase to salaries will increase Council's annual budget for the remainder of the 2023-25 Financial Plan by \$1,366 and \$4,335 respectively.

- *Planning Commission Salary*

The salaries of the Planning Commissioners would be increased from \$80 to \$86 per meeting, and the maximum amount not to be exceeded per month would increase from \$320 to \$347. This increase to salaries will increase Community Development's annual budget for the remainder of the 2023-25 Financial Plan by \$94.

- *Architectural Review Commission Salary*

The salaries of the Architectural Review Commissioners would be increased from \$80 to \$86 per meeting, and the maximum amount not to be exceeded per month would increase from \$320 to \$347. This increase to salaries will increase Community Development's annual budget for the remainder of the 2023-25 Financial Plan by \$94.

Previous Council or Advisory Body Action

- On December 7, 2021, Council directed staff to defer the appointment of a Council Compensation Committee and directed staff to return to Council with a Resolution amending the Council Policies and Procedures to allow biennial Consumer Price Index¹ increases to Council, Planning Commission, and Architectural Review Commission salaries without appointing a Council Compensation Committee ([Staff Report](#), [Minutes](#)).

¹ The Consumer Price Index (CPI) is a measure of the average change in prices over time in a fixed market basket of goods and services. [The Bureau of Labor Statistics](#) publishes CPIs for two population groups: (1) a CPI for All Urban Consumers (CPI-U) which covers approximately 93 percent of the total U.S. population and (2) a CPI for Urban Wage Earners and Clerical Workers (CPI-W) which covers approximately 29 percent of the total U.S. population. The CPI-U includes, in addition to wage earners and clerical workers, groups such as professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, and retirees and others not in the labor force.

The CPI is based on prices of food, clothing, shelter, and fuels, transportation fares, charges for doctors' and dentists' services, drugs, and the other goods and services that people buy for day-to-day living. Each month, prices are collected in 75 urban areas across the country from about 6,000 housing units and approximately 22,000 retail establishments-department stores, supermarkets, hospitals, filling stations, and other types of stores and service establishments. All taxes directly associated with the purchase and use of items are included in the index.

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- On April 19, 2022, Council amended their Policies & Procedures Manual to add Section 2.1.1, Consumer Price Index Increases, which allows biennial CPI increases to be applied to Council, Planning Commission, and Architectural Review Commission salaries, effective the first full pay period in January, without convening a Council Compensation Committee. Subsequently, Council also adopted Resolution No. 11319 (2022 Series), which applied the CPI increase and set the new salaries for a 2-year period. ([Staff Report](#), [Minutes](#))
- On July 18, 2023, Council deferred the appointment of a Compensation Committee and directed staff to return in April 2024 to present the biennial CPI increase to Council, Planning Commission, and Architectural Review Commission salaries. They also directed staff to incorporate the formation and staffing of a Council Compensation Committee into the 2025-27 Financial Plan work program. ([Staff Report](#), [Minutes](#))

Public Engagement

No public engagement has been done for this item; however, the public will have an opportunity to provide public comment in writing prior to the meeting or as public comment during the meeting.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act does not apply to the recommended action in this report, because the action does not constitute a "Project" under CEQA Guidelines Sec. 15378.

FISCAL IMPACT

Budgeted: Yes

Budget Year: 2023-24

Funding Identified: No

Fiscal Analysis:

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
General Fund	\$	\$5,748	\$	\$11,497
State				
Federal				
Fees				
Other:				
Total	\$	\$5,748	\$	\$11,497

There is no fiscal impact from this recommendation until FY 2024-25. Staff are in the process of developing the 2024-25 Supplemental Budget and will include the proposed CPI increase of \$5,748 (six months, January 1, 2025 - June 30, 2025) in the staffing budget. All subsequent budgets will include the CPI increase for the full fiscal year (\$11,497).

ALTERNATIVES

Do not adopt the Resolution. Council could decide not to allow the biennial CPI to increase to Council, Planning Commission, and Architectural Review Commission salaries.

ATTACHMENTS

A - Draft Resolution setting new salaries for Council, Planning Commission, and Architectural Review Commission