

September 26, 2006

Honorable Mayor and Members of
the Hermosa Beach City Council

Regular Meeting of
October 10, 2006

ORDINANCE ADJUSTING CITY COUNCIL COMPENSATION

Recommendation:

Waive full reading and introduce ordinance adjusting Council compensation for City Councilmembers and amending the Hermosa Beach Municipal Code.

Background:

At the September 12, 2006 City Council meeting, Council directed staff to return with an ordinance that addresses Councilmember compensation.

Government Code Section 36516 allows a general law City to pay Councilmembers a monthly compensation in relation to the population size of their City. Government Code Section 36516 further states that a general law City may increase Council stipends 5% per year since the time of the last increase. The City of Hermosa Beach's City Council has not had an adjustment to its monthly compensation since compensation was established in 1986. In view of the increases in the cost of living since 1986, Council may want to consider an increase to the Council's compensation. The Government Code further states that, upon Council approval, a compensation increase may not go into effect until after the Council election and at least one member has begun a new term of office. Therefore, any increase in Councilmember compensation would not go into effect until November, 2007.

The Government Code does not specify whether the 5% is to be calculated using compound or simple interest, however, the Attorney General has recently ruled that the increase must be calculated on a simple interest basis. Using the simple interest calculation, the maximum amount that Council compensation can be increased is to \$600 per month – using the simple interest calculation, $\$300 \times 5\% = \$15 \times 20 \text{ years} = \$300 + \$300 \text{ (existing compensation)} = \600 .

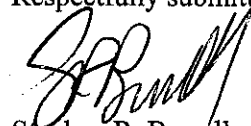
Alternatives:

1. Increase monthly compensation for a lesser amount than \$300 per month.

Fiscal Impact:

If approved, any increased compensation will be budgeted as part of the FY 07-08 Budget.

Respectfully submitted,



Stephen R. Burrell
City Manager

ORDINANCE NO.

**AN ORDINANCE OF THE CITY OF HERMOSA BEACH
ADJUSTING COMPENSATION FOR CITY COUNCIL MEMBERS
AND AMENDING THE HERMOSA BEACH MUNICIPAL CODE**

The City Council of the City of Hermosa Beach does hereby ordain as follows:

Section 1. Findings.

- a. Municipal Code Section 2.72.040 establishes compensation for City Councilmembers in the amount allowed by California Government Code Section 36516.
- b. Council compensation was last adjusted in 1986.
- c. In accordance with subparagraph (c) of Section 36516, the Council may adjust compensation in the amount of five percent (5%) for each calendar year since the operative date of the last adjustment.
- d. The increase in compensation provided for in this Ordinance, to take effect in November, 2007 following the City's next general municipal election pursuant to California Government Code Section 36516.5, represents an adjustment of five percent (5%) from April 1986 through November 2007.

Section 2. Section 2.72.040 of Title 2, Chapter 2.72 of the Hermosa Beach Municipal Code is amended to read as follows:

2.72.040 Compensation of city council.

In accordance with Section 36516 (c) of the Government Code of the State of California, the amount of compensation for each member of the City Council shall be \$600.

Section 3. The increased compensation provided for by Section 2 of this Ordinance shall first be paid for the pay period first following the date that councilmembers elected in the November, 2007 election are sworn into office.

PASSED, APPROVED AND ADOPTED this ____ day of _____, 2006.

MAYOR

Attest:

City Clerk