



AGENDA NO: 6.d

MEETING DATE: August 12, 2025

Staff Report

TO: Honorable Mayor and City Council

DATE: August 5, 2025

FROM: Rachael Hendricks, Human Resources/Risk Manager

SUBJECT: Approval of Revised Compensation Range for the City Manager

RECOMMENDED ACTION

Amend the compensation range for the City Manager by adopting:

1. Resolution No. 45-25 Approving Updated Compensation Range, and
2. Resolution No. 46-25 Approving Updated FY 2025-26 and FY 2026-27 Pay Schedules.

ALTERNATIVES

1. Do not amend the current City Manager compensation range.
2. Amend the compensation range by a different amount.

FISCAL IMPACT

The proposed adjustment increases the City Manager's top-step salary by \$20,000, from \$245,773 to \$265,773. The actual fiscal impact on the City's General Fund will depend on the negotiated salary placement of the candidate selected during recruitment. However, because the Interim City Manager is not receiving benefits, resulting in salary savings, it is anticipated that no budget adjustment will be required for FY 2025-26.

BACKGROUND

During the Closed Session on July 22, 2025, the City Council directed staff to return with an adjustment to the City Manager's salary range, adding \$20,000 to the top step. This adjustment was intended to bring Morro Bay's compensation for this position more in line with comparable local agencies.

Morro Bay's current top-step salary of \$245,773 is approximately 12% below the County average and 8% below comparable cities such as Arroyo Grande, Grover Beach, and Pismo Beach. Council expressed a desire to remain competitive as the City moves forward with the recruitment of the next City Manager, ensuring the ability to attract and retain high-caliber candidates.

DISCUSSION

The City Manager is the City's chief administrative officer and is responsible for implementing Council policy, overseeing all City operations, managing the City's budget, and leading the executive management team. Given the competitive nature of executive recruitment, particularly for City Manager positions, compensation is a critical factor in attracting a broad and qualified pool of

Prepared By: RH

Dept Review:

City Manager Review: AL

City Attorney Review: RWS

applicants. By increasing the top step by \$20,000, Morro Bay will be better positioned to compete with nearby cities and the wider market.

The adjustment will:

- Align the City Manager salary range closer to regional averages.
- Increase the City's ability to attract highly qualified candidates during recruitment.
- Support retention and stability in the position, reducing turnover risk.

If adopted, the updated salary range will be incorporated into the City's pay schedules for FY 2025-26 and 2026-27. The City has engaged Executive Recruiter Roberta Greathouse of Peckham and McKenney to lead the City Manager recruitment, and the revised salary range will be reflected in all recruitment materials.

CONCLUSION

Updating the City Manager compensation range will ensure Morro Bay remains competitive in recruiting and retaining top executive leadership. This adjustment supports the City's long-term organizational stability and ability to deliver high-quality services to the community.

ATTACHMENTS

1. Resolution No. 45-25 Approving Updated Compensation Range
2. Resolution No. 46-25 Adopting Updated FY 2025-26 and FY 2026-27 Pay Schedules
 - a. Exhibit A - FY 2025-26 Pay Schedule
 - b. Exhibit B - FY 2026-27 Pay Schedule