

FOR IMMEDIATE RELEASE

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Referendum Against Ordinance 25-007

Ordinance of the City Council of the City of Pacific Grove Increasing the Compensation of the Mayor and City Councilmembers.

Purpose:

Pacific Grove, CA (May 31, 2025) - Transparent Pacific Grove has [initiated](#) a referendum against Ordinance [25-007](#), passed by the Pacific Grove City Council on May 21, 2025 [[link](#), [video](#)]. Ordinance 25-007 immediately increases the compensation amounts for both the Mayor and City Councilmembers by 130 percent:

Mayor.....\$700 to \$1610 per month

Council Members\$420 to \$966 per month

The purpose of the referendum is to submit the question of whether to increase the compensation amounts for the Mayor and City Councilmembers to a vote of the electorate. Government Code section [36516\(b\)](#) allows the City Council to submit this question to the electorate. The City Council voted not to.

Background:

At their April 16, 2025, meeting [[link](#), [video](#)] the City Council received an ominous report concerning the City's fiscal condition:

- A \$55 million unfunded pension liability + \$5.5 million in pension bonds
- 30% increases in liability insurance
- Projected budget deficits for the next few years

During Council discussion Member Rau emphasized the need to prepare for upcoming economic headwinds. Member Garfield acknowledged that Pacific Grove and Carmel have some of the worst [pension liabilities in the region](#).

At their May 7, 2025, meeting [[link](#), [video](#)], just **three weeks later**, the Mayor and Council voted for: (a) an immediate salary increase, and (b) to defer the issue of new healthcare benefits until the completion of the budget ([meeting minutes](#)). At this point Mayor Smith stated he will be actively pursuing new healthcare benefits for their part time volunteer positions [[video](#)].

Info Item-1: Some City Council members already receive additional compensation for serving on regional boards.

Info Item-2: The Mayor and Council [can receive a pension](#). Increasing their salary increases the potential pension benefit. Both Mayor Smith and Councilmember Poduri are enrolled in the City's pension program (CalPERS).

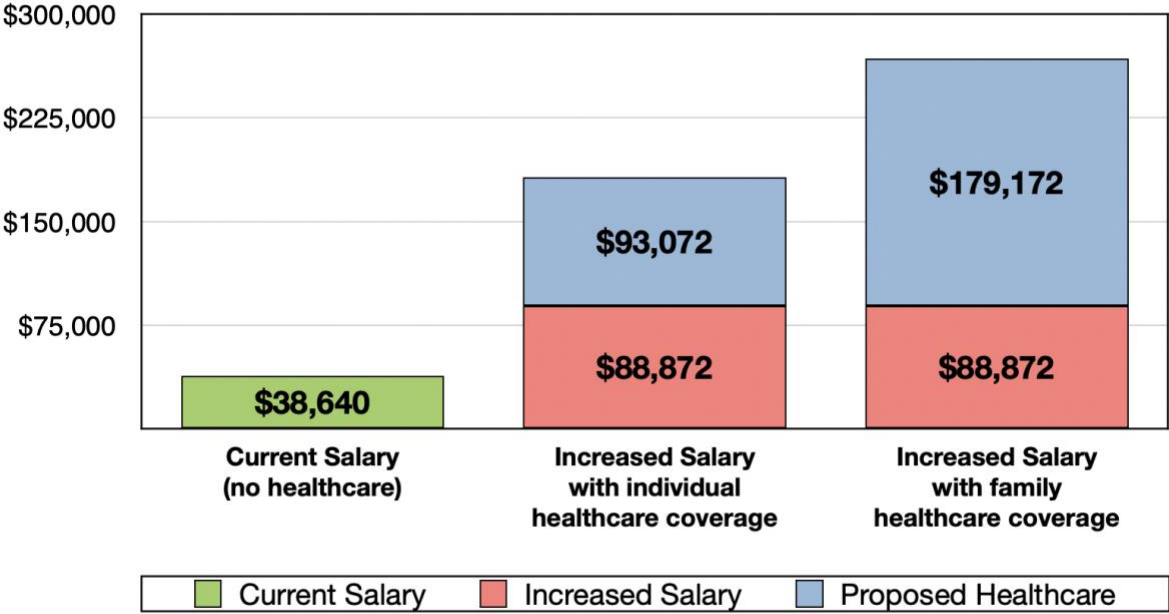
Self-serving process:

- a. State law prevents salary increases from taking effect until **after** the next election (see [Gov Code 36516.5](#)).
- b. The Mayor and Council used our charter city status to bypass this state law in order to give themselves an **immediate** 130% salary increase.
- c. The Monterey City Council clearly recognized this to be a **conflict of interest** when considering a similar [ordinance](#) to increase their compensation: "...the City Council wanted to avoid the appearance of a conflict of interest and preferred to delay the increase until after the next (2026) election." (Monterey is a charter city)
- d. State law also allows the increase to be approved by the voters (see [Gov Code 36516\(b\)](#)), but the City Attorney **did not** provide that information in his presentation.
- e. The Mayor and Council recently voted to cancel 17% of their [regular meetings](#) held each year. They want **more** money and **new** benefits for **less** work [[link](#), [video](#)].

Costs:

The total annual city council compensation costs (including new healthcare benefits) are provided in the attached chart. Gathering signatures for this referendum will also provide an opportunity to discuss the new healthcare benefits being advocated for by Mayor Smith, which are expected to return to Council after "*completion of the budget.*"

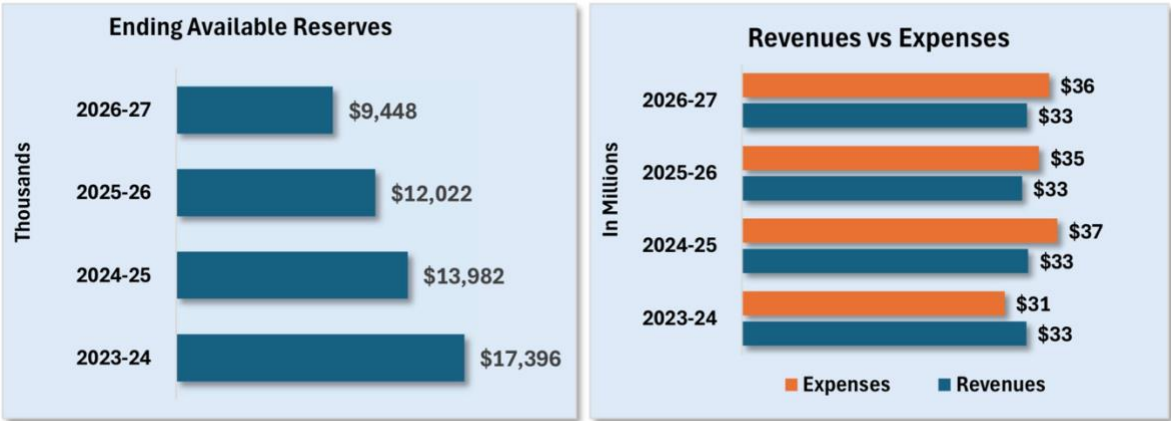
TOTAL ANNUAL CITY COUNCIL COMPENSATION COSTS



Totals Represent Full Participation of All Seven Council Members

Budget:

This chart from the [city budget](#) shows us entering a period of deficit spending that will significantly erode our general fund reserves. This is the worst possible time to be increasing salaries and adding new healthcare benefits.



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