



CITY COUNCIL STAFF REPORT

TO: Honorable Mayor and City Council **DATE:** June 13, 2022

FROM: Matthew Bronson, City Manager

PREPARED BY: Kristin Eriksson, Deputy City Manager

SUBJECT: Introduction and First Reading of an Ordinance Amending Chapter 2 (Compensation) of Article II (Administration) of the Grover Beach Municipal Code to Add Insurance Benefits

RECOMMENDATION

Introduce and conduct the first reading, by title only, the Ordinance to amend Chapter 2 (Compensation) of Article II (Administration) of the Grover Beach Municipal Code (GBMC) regarding Council health benefits and schedule a hearing for June 27, 2022 to provide a second reading and adopt the Ordinance.

BACKGROUND:

At the April 11, 2022 Council meeting, Council Member Miller requested scheduling an agenda item to consider increasing the compensation received by the Council given increases in cost of living. The Council concurred with this request and provided direction to staff to schedule this item for an upcoming meeting. The current compensation of \$600 per month for Council Members and \$750 per month for the directly-elected Mayor was approved on December 4, 2017 and became effective in December 2018 following the November 2018 election. Previously, Council compensation had not been adjusted since 1986 and was the lowest level among the seven cities in San Luis Obispo County.

At the April 25, 2022 Council meeting, the Council heard a presentation on Council compensation which provided the relevant legal requirements, as shown in Attachment 1, and compared stipends, insurance benefits and equipment allowances for other city councils in the county. As shown in Attachment 1, the report indicated that the City's Council stipends are on the low end as compared to other cities in the county and that the City is the only city in the county that does not offer any health insurance benefits to Council Members. The Council directed staff to draft an ordinance to increase Council stipends by the maximum allowable amount of 20% (5% for each of four years since the last increase became effective) and to bring back an agenda item for further deliberation of providing health insurance benefits to the Council

At the May 23, 2022 meeting, the Council adopted an Ordinance raising Council Member salaries to \$720 per month and the Mayor's salary to \$900 per month. The Council also received a report on health benefits provided to Council Members in other cities in the county and provided staff direction to add health benefits to the Council's compensation to match the contribution provided to Management and Confidential employees of the City as shown in Attachment 2. The attached Ordinance (Attachment 3) will codify Council's direction along with the previous amendment to increase Council Member stipends by 20% to \$720 per month and to increase the Mayor's stipend by 20% to \$900 per month. The new stipend will be effective in December 2022 following the

November 2022 election while the health benefits coverage would be effective in January 2023 in conjunction with the City's open enrollment process for health insurance.

FISCAL IMPACT

There is no fiscal impact associated with this agenda item. Subsequent adoption of the Ordinance amending the Municipal Code to add health benefits to Council compensation will result in an annual cost increase of \$98,400 and a prorated increase of \$49,200 for FY 2022-23. This amount would be absorbed in the City's operating budget.

ALTERNATIVES

The Council has the following alternatives to consider:

1. Introduce and conduct the first reading, by title only, the Ordinance to amend Chapter 2 of Article II (Administration) of the Grover Beach Municipal Code (GBMC) regarding Council health benefits and schedule a hearing for June 27, 2022 to provide a second reading and adopt the Ordinance; or
2. Provide alternative direction to staff.

PUBLIC NOTIFICATION

The agenda was posted in accordance with the Brown Act.

Attachments

1. Legal References (Grover Beach Municipal Code and Government Code)
2. Management & Confidential Employee Group Coverage Contribution Rates
3. Ordinance Amending Chapter 2 (Compensation) of Article II (Administration) of the Grover Beach Municipal Code Include Health Benefits

Compensation for Council Members

Grover Beach Municipal Code Sec. 2201. Compensation of Council Members. Each member of the Council shall receive, as salary, the sum of six hundred dollars (\$600) per month and, pursuant to Government Code section 36516.1, as may be amended from time to time, the directly elected Mayor shall receive, as salary, seven hundred and fifty dollars (\$750) per month. (Ord. No. 22; Am. Ord. 75-11; Ord. 86-2; Am. Ord. 17-08)

Government Code Sec. 36516.

(a) (1) A city council may enact an ordinance providing that each member of the city council shall receive a salary based on the population of the city as set forth in paragraph (2).

(2) The salaries approved by ordinance under paragraph (1) shall be as follows:

(A) In cities up to and including 35,000 in population, up to and including three hundred dollars (\$300) per month.

(B) In cities over 35,000 up to and including 50,000 in population, up to and including four hundred dollars (\$400) per month.

(C) In cities over 50,000 up to and including 75,000 in population, up to and including five hundred dollars (\$500) per month.

(D) In cities over 75,000 up to and including 150,000 in population, up to and including six hundred dollars (\$600) per month.

(E) In cities over 150,000 up to and including 250,000 in population, up to and including eight hundred dollars (\$800) per month.

(F) In cities over 250,000 population, up to and including one thousand dollars (\$1,000) per month.

(3) For the purposes of this subdivision, the population of a city shall be determined by the last preceding federal census, or a subsequent census, or estimate validated by the Department of Finance.

(4) 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.

(b) Notwithstanding subdivision (a), at any municipal election, the question of whether city council members shall receive a salary for services, and the amount of that salary, may be submitted to the electors. If a majority of the electors voting at the election favor it, all of the council members shall receive the salary specified in the election call. The salary of council members may be increased beyond the amount provided in this section or decreased below the amount in the same manner.

(c) Unless specifically authorized by another statute, a city council may not enact an ordinance providing for compensation to city council members in excess of that authorized by the procedures described in subdivisions (a) and (b). For the purposes of this section, compensation includes payment for service by a city council member on a commission,

committee, board, authority, or similar body on which the city council member serves. If the other statute that authorizes the compensation does not specify the amount of compensation, the maximum amount shall be one hundred fifty dollars (\$150) per month for each commission, committee, board, authority, or similar body.

(d) Any amounts paid by a city for retirement, health and welfare, and federal social security benefits shall not be included for purposes of determining salary under this section, provided that the same benefits are available and paid by the city for its employees.

(e) Any amounts paid by a city to reimburse a council member for actual and necessary expenses pursuant to Section 36514.5 shall not be included for purposes of determining salary pursuant to this section.

(f) A city council member may waive any or all of the compensation permitted by this section. (Amended by Stats. 2009, Ch. 332, Sec. 68. Effective January 1, 2010.)

Government Code Sec. 36516.1.

A mayor elected pursuant to Sections 34900 to 34904, inclusive, may be provided with compensation in addition to that which he or she receives as a council member. That additional compensation may be provided by an ordinance adopted by the city council or by a majority vote of the electors voting on the proposition at a municipal election.

Government Code Sec. 36516.5.

A change in compensation does not apply to a councilman during his term of office; however, the prohibition herein expressed shall not prevent the adjustment of the compensation of all members of a council serving staggered terms whenever one or more members of such council becomes eligible for a salary increase by virtue of his beginning a new term of office. (Added by Stats. 1966, 1st Ex. Sess., Ch. 12.)

Management and Confidential Employee Group					
Mgmt/Confidential - Monthly Medical Rates 1/1/2022 - 12/31/2022					
Benefit Plans	Employee Only	Employee + Child	Employee + Children	Employee + Spouse	Employee + Family
PPO					
PERS GOLD 80/20 PPO	\$587.78	\$1,175.56	\$1,528.23	\$1,175.56	\$1,528.23
Vision (Blue Shield)	8.50	14.80	14.80	16.00	20.90
Dental (Principal)	44.62	84.05	136.18	84.05	136.18
TOTAL:	\$640.90	\$1,274.41	\$1,679.21	\$1,275.61	\$1,685.31
City Contribution/Emp.	\$637.54	\$637.54	\$637.54	\$637.54	\$637.54
City Contribution/Dep.		\$601.85	\$1,011.20	\$601.85	\$1,011.20
Employee Cost/Month:	\$3.36	\$35.02	\$30.47	\$36.22	\$36.57
PERS PLATINUM 90/10 PPO	\$882.18	\$1,764.36	\$2,293.67	\$1,764.36	\$2,293.67
Vision (Blue Shield)	8.50	14.80	14.80	16.00	20.90
Dental (Principal)	44.62	84.05	136.18	84.05	136.18
TOTAL:	\$935.30	\$1,863.21	\$2,444.65	\$1,864.41	\$2,450.75
City Contribution/Emp.	\$637.54	\$637.54	\$637.54	\$637.54	\$637.54
City Contribution/Dep.		\$601.85	\$1,011.20	\$601.85	\$1,011.20
Employee Cost/Month:	\$297.76	\$623.82	\$795.91	\$625.02	\$802.01
HMO					
UnitedHealthCare - HMO (SLO Only)	775.09	1,550.18	2,015.23	1,550.18	2,015.23
Vision (Blue Shield)	8.50	14.80	14.80	16.00	20.90
Dental (Principal)	44.62	84.05	136.18	84.05	136.18
TOTAL:	\$828.21	\$1,649.03	\$2,166.21	\$1,650.23	\$2,172.31
City Contribution/Emp.	\$637.54	\$637.54	\$637.54	\$637.54	\$637.54
City Contribution/Dep.		\$601.85	\$1,011.20	\$601.85	\$1,011.20
Employee Cost/Month:	\$190.67	\$409.64	\$517.47	\$410.84	\$523.57
Blue Shield Access HMO (SLO & SB)	\$900.22	\$1,800.44	\$2,340.57	\$1,800.44	\$2,340.57
Vision (Blue Shield)	8.50	14.80	14.80	16.00	20.90
Dental (Principal)	44.62	84.05	136.18	84.05	136.18
TOTAL:	\$953.34	\$1,899.29	\$2,491.55	\$1,900.49	\$2,497.65
City Contribution/Emp.	\$637.54	\$637.54	\$637.54	\$637.54	\$637.54
City Contribution/Dep.		\$601.85	\$1,011.20	\$601.85	\$1,011.20
Employee Cost/Month:	\$315.80	\$659.90	\$842.81	\$661.10	\$848.91
Anthem HMO Traditional (SLO & SB)	\$1,007.13	\$2,014.26	\$2,618.54	\$2,014.26	\$2,618.54
Vision (Blue Shield)	8.50	14.80	14.80	16.00	20.90
Dental (Principal)	44.62	84.05	136.18	84.05	136.18
TOTAL:	\$1,060.25	\$2,113.11	\$2,769.52	\$2,114.31	\$2,775.62
City Contribution/Emp.	\$637.54	\$637.54	\$637.54	\$637.54	\$637.54
City Contribution/Dep.		\$601.85	\$1,011.20	\$601.85	\$1,011.20
Employee Cost/Month:	\$422.71	\$873.72	\$1,120.78	\$874.92	\$1,126.88

ORDINANCE NO. 22-__

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GROVER BEACH, CALIFORNIA, AMENDING CHAPTER 2 (COMPENSATION) OF ARTICLE II (ADMINISTRATION) BY ADDING SUBSECTION B TO SECTION 2201

WHEREAS, Grover Beach Municipal Code Article II, Chapter 2 provides for compensation for City Council members; and

WHEREAS, the City of Grover Beach is the only city in the County of San Luis Obispo that does not provide any health insurance benefits for council members; and

WHEREAS, on May 23, 2022, the City Council approved adding health insurance benefits at the same level of management and confidential employees for City Council members to the City Council's compensation; and

WHEREAS, California Government Code section 36516(d) provides that any amount paid to council members for health benefits is not included in the determination of salary, provided that city employees have the same benefits available

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Grover Beach as follows:

PART 1: Chapter 2 (Compensation), Section 2201 of Article II (Administration) of the Grover Beach Municipal Code is hereby amended by adding subsection B which reads as follows:

Sec. 2201. Compensation of Counsel Members. [(A)] Each member of the Council shall receive, as a salary, the sum of seven hundred twenty dollars (\$720) per month and, pursuant to Government Code section 36516.1, as may be amended from time to time, the directly elected Mayor shall receive, as a salary, nine hundred dollars (\$900) per month.

[(B) Each member of the Council is entitled to participate in the City employee medical insurance policy. The City will pay for the elected official's participation up to the amount contributed by the City for Management and Confidential employees, except the elected officials shall not receive an opt out amount or cash payment in lieu of coverage.]

PART 2: Severability. If any section, subsection, subdivision, paragraph, sentence, clause, or phrase of this Ordinance or any part thereof is for any reason held to be in violation of the law, such decision shall not affect the validity of the remaining portion of this Ordinance or any part thereof. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause, or phrase thereof, irrespective of the fact that any one or more sections, subsections,

subdivisions, paragraphs, sentences, clauses or phrases be declared in violation of the law.

PART 3: Effective Date. This Ordinance shall not become effective and in full force and effect until 12:01 a.m. on the thirty first day after its final passage. However, subsection (A) was adopted by Council on May 23, 2022 and shall become effective consistent with Ordinance 22-04 and the added health insurance benefits for Council members pursuant to this Ordinance shall become effective on January 1, 2023, and within fifteen (15) days after adoption by the City Council, the Ordinance shall be published once, together with the names of the Council Members voting thereon, in a newspaper of general circulation within the City.

INTRODUCED at a regular meeting of the City Council held _____ and **PASSED, APPROVED,** and **ADOPTED** by the City Council on _____, on the following roll call vote, to wit:

- AYES: Council Members –
- NOES: Council Members –
- ABSENT: Council Members –
- ABSTAIN: Council Members –

APPROVED:

****DRAFT****

JEFF LEE, MAYOR

ATTEST:

WENDI SIMS, CITY CLERK

APPROVED AS TO FORM:

DAVID P. HALE, CITY ATTORNEY