

## Legislation Text

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**File #:** #18-318, **Version:** 1

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**PREPARED BY:** LYNN TRACY NERLAND

**DATE OF MEETING:** 09/17/18

**SUBJECT:**

ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SAN PABLO AMENDING CHAPTER 2.40 OF THE SAN PABLO MUNICIPAL CODE TO INCREASE THE SALARIES OF ELECTED OFFICIALS

**RECOMMENDATION:** If the City Council desires to increase the salaries of elected officials, then it should:

Waive second reading of the Ordinance and approve the Ordinance

**COUNCIL PRIORITY WORKPLAN**

This item was not included on the Council Priority Workplan.

**CEQA Compliance Statement**

This is not a project as defined by CEQA.

**Background:**

At the September 4, 2018 City Council meeting, the City Council approved the introduction of an ordinance to increase salaries for City of San Pablo elected officials pursuant to Government Code sections 36516 and 36516.5 to be effective with the new terms following the November 2018 election. As is the City's practice, a redlined version of the proposed ordinance changes was attached to the staff report. The City Council introduced the Ordinance as presented. As the City Council did not direct otherwise, a clean version of the ordinance is attached to the staff report for the second reading of the Ordinance on September 17, 2018 to be placed on the consent calendar.

On September 4, 2018, the City Council also approved Resolution 2018-120 and its exhibit summarizing the compensation and benefits for elected officials, including the proposed change to compensation and the medical insurance premium formula for Council Members effective July 1, 2019, consistent with the City's Municipal Code and State law. The City Council also directed staff to bring back a discussion item to consider further the salary and benefits of the Elected City Treasurer and City Clerk. This will be done at a future meeting.

**Salaries for City Council Members**

San Pablo Municipal Code section 2.40.040 establishes the salary of City Council Members at \$912 per month. It was last increased in 2014, as automatic cost-of-living adjustments are not allowed by State law for elected council members. Pursuant to California Government Code section 36516, the city council of a general law city may increase its salary up to 5 percent each year. Any increase beyond that amount requires a vote of the electorate. Per an Attorney General's opinion, such increases are calculated without compounding. Government Code section 36516.5 restricts compensation changes until one or more members of the city council begins a new term of office.

This will be sometime in December 2018 following the November 6, 2018 election.

A 5% non-compounded annual increase means a maximum salary adjustment to \$1,094 per month. This amount would be in addition to reimbursement for actual expenses and health and welfare benefits provided pursuant to chapter 2.40 of the San Pablo Municipal Code.

#### Salaries for the Elected City Clerk and City Treasurer

San Pablo Municipal Code section 2.40.010 establishes the salary of the City Treasurer at \$200 per month and the City Clerk at \$400 per month for the 2014-2018 term and then decreasing to \$200 per month after that. No health and welfare benefits are provided to a City Clerk or City Treasurer elected after November 2010. The positions are now considered largely ceremonial with appointed staff fulfilling most of the statutory duties.

The proposed Ordinance uses the same formula of 5 percent a year, non-compounded, to increase the salaries of the elected City Clerk and City Treasurer to \$240 per month. However, the City Council can use any other formula it deems appropriate.

#### Medical Insurance Premiums for City Council Members

San Pablo Municipal Code section 2.40.050 provides the following as to health and welfare benefits for Council Members and the requirement that these benefits be no more generous than what is provided to non-safety employees:

##### **2.40.050 City council health and welfare benefits-During office.**

The city shall pay health and welfare and/or federal social security benefits, and PERS contributions, if any, for the benefit of each member of the council, provided the same benefits are available and paid by the city for its employees, and that the maximum retirement and health and welfare benefits received by the council shall be no greater than the most generous schedule of benefits granted to any category of non-safety employees, as required by Government Code Sections 36516(d) and 53208.5. Payments “in lieu of” medical coverage, as provided in the memoranda of understanding and terms and conditions of employment for city employees, shall be made only to deferred compensation and shall be capped at the level capped for non-safety employees, currently five hundred dollars per month for family or two party coverage and three hundred fifty dollars per month for single coverage.

In 2017, the City entered into new MOUs with the majority of its employees, which included a renegotiated formula for coverage of medical insurance premiums. Under the prior formula, the City paid the medical premium less \$150 for Kaiser members, and 80% of the medical premiums for the fewer number of staff members with other coverage. Effective July 1, 2019, the new formula is for the City contribution to health insurance to be capped at 90% of the medical insurance premium for the employee’s selected, City-provided group health insurance plan at the selected level of coverage up to the amount equal to 90% of the applicable level of coverage for the Kaiser plan. Employees will pay all other premium costs, including additional costs of any higher cost plan.

Consistent with Municipal Code section 2.40.050 and State law, it is recommended that the health benefits of the Council Members also match this change in the formula for calculating the City’s contribution towards medical insurance premiums. Specifically, effective July 1, 2019, the City’s contribution for Council Members will be capped at 90% of the medical insurance premium for the selected, City-provided group health insurance plan at the selected level of coverage up to the

amount equal to 90% of the applicable selected level of coverage for the Kaiser plan. Council Members will pay all other premium costs, including additional costs of any higher cost plan.

**Fiscal Impact:**

The proposed Ordinance includes a salary increase for Council Members from \$912 per month to \$1,094 per month, which will result in a fiscal impact of \$2,189 per year per Council Member. The proposed Ordinance includes a salary increase for the City Clerk and City Treasurer from \$200 per month to \$240 per month, which will result in a fiscal impact of \$480 per year for each position. Accordingly, the total fiscal impact of the proposed Ordinance is  $\$10,944 + 960 = \$11,904$ . This amount can be included in a future budget amendment.

As to the fiscal impact of the change in the formula for medical premium coverage, that will depend in part on the level and provider of medical insurance coverage that the Council Members have in place in July 1, 2019. At least initially, it is not expected to have a significant fiscal impact.