



AGENDA REPORT SUMMARY

Meeting Date: February 13, 2024

Subject City Council salary and benefits

Prepared by: Jon Maginot, Assistant City Manager

Approved by: Gabriel Engeland, City Manager

Attachment(s):

1. Ordinance No. 2024-xxx
2. Resolution No. 2014-08
3. List of proposed benefits and cost

Initiated by:

City Council

Previous Council Consideration:

January 23, 2024

Fiscal Impact:

Should Council increase total compensation for Council members to the midpoint of comparator cities, the City can expect to see an increase of approximately \$100,000 annually to the General Fund. This impact would begin in Fiscal Year 2024/25

Environmental Review:

Not applicable

Policy Question(s) for Council Consideration:

- Does the Council increase Council salaries from \$300 per month to \$950 per month?
- Does the Council wish to provide direction on changes to other Council benefits?

Summary:

- Currently, Council members receive a salary of \$300 per month. This number is based on previous State law
- A new State law has gone into effect increasing the amount Council members may receive to \$950 per month. In addition, the Council can make future increases to Council salaries by ordinance

Staff Recommendation:



Subject: City Council salary and benefits

Introduce and waive further reading of an Ordinance amending Chapter 2.04 to establish City Council salaries and adopt a Resolution adjusting the level of benefits offered City Council members

Purpose

To consider changes to Council salary and benefits

Background

At the January 23, 2024 Council meeting, City Council received an update on changes to State law regarding salaries for Council members and directed staff to return with an ordinance increasing Council salaries and discussing other potential benefits for City Council members, with the goal of moving to the mid-range of comparable cities.

Discussion/Analysis

SB 329 went into effect January 1, 2024 and provided amendments to GC Section 36516. Cities with a population of up to 35,000, such as Los Altos, may now offer City Council salaries of up to \$950 per month. This amount is to be set by Council ordinance. In addition, SB 329 allows cities to adopt increases in Council salaries in future ordinances. GC Section 36516.5 states that an increase in Council salary cannot begin until after a council member begins a new term in office. Thus, an increase in salary can only occur after the next Council election.

City of Los Altos Resolution No. 2014-08 outlines those benefits currently offered to City Council members. These include:

- Council members may participate in the City's dental reimbursement plan (only Council members may participation in this benefit; dependents are not eligible);
- Council members may participate in the City's health plans; and
- Dependents may also enroll in the City health plans provided the Council member pays the full dependent premium with no cost to the City.

Current total Council member compensation is \$16,697 annually for each Council member.

Salary	\$3,600
Dental/Vision plan	\$2,119
Health	\$10,978
Total	\$16,697

An analysis of six comparative cities shows that the average total compensation for these cities is \$34,719 annually. At the January 23, 2024 meeting, Council expressed an interest in developing a salary and benefits package that places the City around the average for compensation.



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Staff recommends Council consider the following items to increase total compensation for Council members:

- Increase Council salary from \$300 per month to up to \$950 per month
- Provide Life Insurance and Accidental Death and Dismemberment (AD&D) Insurance at \$17,100 (this amount is based on a maximum of 1.5 times annual base earnings)
- Participation in the Employee Assistance Program (EAP)
- Increase in the health benefit from \$914.82 to up to \$2,761 per month
- Begin optional participation in CalPERS Retirement program (the cost to the city is dependent on the base salary Council members receive)

A comparison of these benefits with the City's comparative agencies is included as Attachment 3. If Council were to increase the salary and benefits to the maximum allowed, total compensation for Council members would be \$47,611 annually. As such, staff recommends the following:

- Increase Council salary to \$950 per month
- Provide Life and AD&D Insurance
- Allow participation in the EAP
- Increase the health benefit to \$1,800 per month
- Begin optional participation in CalPERS Retirement program

These increases would bring Council total compensation to \$36,079 per year, which is slightly above the average for comparator cities.

Salary	\$11,400
Dental/Vision plan	\$2,119
Health	\$21,600
Life/AD&D	\$36
EAP	\$48
CalPERS	\$876
Total	\$36,079

Should Council wish to provide a different combination of salary and benefits, the amounts provided for Salary and Health can be adjusted to achieve the balance Council desires.



Subject: City Council salary and benefits

A few notes for Council to consider:

1. Council salary is governed by State law and cannot initially be set at higher than \$950 per month
2. The Dental/Vision plan is a reimbursement only plan. Left over funds at the end of the year are not provided to the Council member
3. The maximum benefit amount for Life and AD&D Insurance is directly tied to annual salary. The amount identified in this staff report is based on a Council salary of \$950 per month. Should Council choose a lower salary amount, the maximum benefit for Life and AD&D Insurance would go down
4. The EAP would allow Council members access to eight sessions annually for those services provided for in the EAP
5. Should Council elect to allow participation in CalPERS, this would be an optional benefit. Council members could decline participation. If a Council member elects to participate, funds would be deducted from each paycheck to pay the Council member's portion of the PERS cost. This amount is dependent upon the salary amount. A Council member would need to have five years in PERS for this benefit to vest. If a Council member serves less than five years, the amount provided to PERS would either be refunded or the Council member could elect to purchase years of service to reach the five years. This benefit is not able to be retroactive, therefore, current Council members would not be able to count prior years of service towards their PERS retirement. If a Council member is vested in PERS and subsequently retires from PERS, that Council member would be eligible to participate in the PERS Retiree Health program and purchase health insurance through that program

Of the proposed adjustments, Council salary and participation in EAP and CalPERS could be effective immediately. The adjustments to health insurance and Life and AD&D would need to take place during the open enrollment period which occurs during the fall of each year. Life and AD&D would be effective January 1, 2025.

Staff recommends Council introduce and waive further reading of an ordinance setting the Council salary and adopt a Resolution defining those benefits Council members are eligible for.