



## MEMORANDUM

**TO:** CITY COUNCIL

**FROM:** JAMES BERGMAN, CITY MANAGER

**BY:** KELLY WETMORE, DIRECTOR OF LEGISLATIVE AND INFORMATION SERVICES/CITY CLERK

**SUBJECT:** CITY COUNCIL COMPENSATION REVIEW AND DIRECTION

**DATE:** NOVEMBER 12, 2019

### **SUMMARY OF ACTION:**

Receive information regarding compensation and benefits provided to members of the City Council and provide direction on any potential modifications.

### **IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:**

There is no fiscal impact associated with this agenda item. There would be a fiscal impact if the Council adopts an Ordinance at a future meeting to modify compensation for elected officials and that fiscal impact will be described in the staff report for that item.

### **RECOMMENDATION:**

It is recommended that the Council receive information on current Council salaries and benefits and provide direction as to any modification to the amount of monthly Council member salary ("stipend"); provide direction regarding additional monthly compensation for the Mayor pursuant to State law; and if adjustments are desired, direct staff to return to the Council with an Ordinance.

### **BACKGROUND:**

At the September 10, 2019 meeting, Mayor Ray Russom requested that information regarding council compensation be brought back to the Council at a future meeting for review and discussion. She commented that there has not been a change in Council pay for at least a decade and that she would like to see a little more equity in Council pay given that neighboring jurisdictions with half the population are making twice as much, and that the current pay is not commensurate with the amount of work the Council spends per week on City business. Mayor Pro Tem Barneich concurred.

### **ANALYSIS OF ISSUES:**

State law (Government Code Sections 36516 – 36516.5) sets forth the methods for establishing council member and mayor salaries by ordinance in general law cities, based on the population of the City. Cities up to and including 35,000 in population may compensate council members with a monthly salary of up to \$300. Council salaries may be increased above \$300.00 per month in an amount not to exceed 5% per calendar year from the effective date of the prior salary, provided the increase is adopted by ordinance, or by an amendment to an ordinance. Calculations may not be compounded when calculating the increase.

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Further, a change in council member compensation cannot be applied during the council member's term of office and can only become effective whenever one or more members begin a new term of office. Therefore, any change in council member compensation would not take effect until after the November 2020 General Municipal Election.

In addition to salary received as a council member, State law provides that the mayor may receive additional compensation as established by ordinance. The amount of additional compensation is not regulated by State law and the amount may be enacted at any time during the term of office as the prohibition against "mid-term" increases applicable to council members cited above does not apply to elected mayors.

State law also authorizes a city to provide health and welfare benefits to council members. Any amounts paid by the City for health benefits shall not be included for the purposes of determining salary, provided the same benefits are available and paid by the City for its employees. A city may pay for all, or part of, the health and welfare benefits offered to council members and may also provide health benefits to Council Members' dependents [Government Code Sections 36516 and 53200-53210].

Below is the history of Council approved compensation and benefits in Arroyo Grande:

- **1966:** Pursuant to State law at the time for cities 6,000 to 35,000 in population, the City Council first established council member salaries in the amount of \$150 per month by adoption of Ordinance No. 211.
- **1986:** The Council adopted Ordinance No. 342 increasing council member salaries to \$300 per month pursuant to current State law (passed in 1984) permitting municipalities with a population up to 35,000 to enact an Ordinance providing council members up to \$300 per month in salary.
- **1997:** The Council adopted Ordinance No. 491 increasing council member salaries from \$300 to \$330 per month and established a monthly expense allowance of \$75.
- **1999:** The Council adopted Resolution No. 3407 electing to be subject to Public Employees' Medical and Hospital Care Act for the Elected Officials' Group (CalPERS health insurance benefits).
- **2000:** The Council adopted Resolution No.3459 granting health insurance benefits to retired elected officials meeting City requirements, which include being at least sixty-five (65) years of age and having served in the elected position for a minimum of thirty (30) years.
- **2008:** Following the passage of Assembly Bill 1234 in 2006, which imposed ethics training and compensation and reimbursement requirements on cities, it was determined that elimination of the \$75 expense allowance was necessary in order to maintain compliance with State law. The Council adopted Ordinance No. 604 increasing council member monthly salaries from \$330 to \$405 in order to replace the City Council \$75 monthly expense allowance that had been eliminated.

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City Council Salaries

For purposes of comparison, a survey of council salaries (or “stipends”) and benefits within San Luis Obispo County is provided below in Tables 1 and 2. Additional mayor compensation is shown in Table 1.

**Table 1**

<b>City Council Monthly Salary (“Stipend”)</b>					
<b>City</b>	<b>Population</b>	<b>Council Member Salary</b>	<b>Add’l Mayor Salary</b>	<b>Total Mayor Salary</b>	<b>Last Increase</b>
Arroyo Grande	17,252	\$405.00	\$0.00	\$405.00	2008
Atascadero	28,310	\$600.00	\$150.00	\$750.00	2017
Grover Beach	13,156	\$600.00	\$150.00	\$750.00	2018
Morro Bay	10,234	\$500.00	\$200.00	\$700.00	2002
Paso Robles	29,793	\$600.00	\$200.00	\$800.00	2006
Pismo Beach	7,655	\$772.20	\$300.00	\$1,072.20	2018
San Luis Obispo	45,119	\$1,224.00	\$526.00	\$1,750.00	2018

**Table 2**

<b>City Council Insurance Benefits</b>				
<b>City</b>	<b>Medical/Dental/Vision</b>	<b>City Contribution (Elected Official Only)</b>	<b>City Contribution (EO + Dependents)</b>	<b>Life</b>
Arroyo Grande	Yes		X	No
Atascadero	Yes	X (medical)	X (dental/vision)	Yes
Grover Beach	No	N/A	N/A	No
Morro Bay	Yes	X		Yes
Paso Robles	Yes		X	No
Pismo Beach	Yes		X	Yes
San Luis Obispo	Yes		X	Yes

**X = City provides a monthly contribution toward health insurance for Elected Official only or the Elected Official and his/her dependents as are provided to the City’s employees**

The survey shows that Arroyo Grande’s monthly salary (“stipend”) for Council Members is currently the lowest in the County. Further, the City of Arroyo Grande is the only city in the County that does not provide additional compensation to the Mayor.

The current salary (“stipend”) of \$405 per month for the Arroyo Grande Mayor and Council Members has been in place since December 1, 2008. Therefore, a maximum salary increase of 60% is available for Council’s consideration should the Council desire to adopt an ordinance increasing the monthly salary with an effective date of December 1, 2020 (12 years x 5% = 60%). Utilizing this formula, the monthly salary may be increased in an amount up to \$648 per month in accordance with State law ( $\$405 \times .60 = \$243$ ;  $\$405 + \$243 = \$648$ ).

There are no specific guidelines for determining an additional amount of salary for the Mayor; therefore, the Council has discretion in making that determination based on the Mayor’s additional duties and responsibilities. If the Council wishes to provide the Mayor with additional compensation, it is recommended that any change be made concurrent with any modification to city council compensation.

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Benefits

The City currently makes available to council members the same health insurance options it makes available to City employees. The City currently contributes a specified amount toward the cost of health insurance for council members and their dependents. All cities in San Luis Obispo County, with the exception of Grover Beach, provide the option of insurance benefits to council members while they are in office. Each of these cities contribute a varying amount toward the cost of insurance for the elected official only or the elected official and their dependents. A chart showing each city's monthly contributions is included as Attachment 1.

It should be noted that in 1997, the Attorney General concluded that a city council could not reduce its salary, the mayor's salary, or their own health and welfare benefits during their current terms of office (80 Ops.Cal.Atty.Gen 119). However, Government Code section 36516(f) provides that "a city council member may waive any or all of the compensation permitted by this section".

**ALTERNATIVES:**

The following alternatives are provided for the Council's consideration:

1. Direct staff to proceed with preparing and bringing forth an ordinance modifying the monthly salary for council members in an amount up to \$648 per month, with the change in salary to become effective in December 2020 after the next General Municipal Election; or
2. Direct staff to proceed with preparing and bringing forth an ordinance modifying the monthly salary for council members in an amount up to \$648 per month, including any additional monthly compensation for the mayor, with the changes to become effective in December 2020 after the next General Municipal Election;
3. Receive information and direct that council member salaries remain unchanged; or
4. Provide other direction to staff.

**ADVANTAGES:**

This item provides the Council with information regarding compensation the Council currently receives and facilitates discussion on whether or not any changes should be considered.

**DISADVANTAGES:**

No disadvantages have been identified at this time.

**ENVIRONMENTAL REVIEW:**

No environmental review is required for this item.

**PUBLIC NOTIFICATION AND COMMENTS:**

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.

**ATTACHMENT:**

1. City Contributions toward Health Insurance for Elected Officials (SLO County Cities)

CITY CONTRIBUTIONS TOWARD HEALTH INSURANCE FOR ELECTED OFFICIALS

City	Cafeteria Plan Monthly Contribution Rates (2019 rates) Medical/Dental/Vision	Comments
Arroyo Grande	Elected Official Only: \$709.97 Elected Official +1: \$1,333.63 Elected Official +2: \$1,717.21	City contributes toward cost of medical, dental, and vision for Elected Official and dependent(s)
Atascadero	Elected Official Only: \$741.31 (w/HMO) or \$603.52 (w/PPO) Elected Official +1: \$774.03 (w/HMO) or \$609.24 (w/PPO) Elected Official +2: \$ 814.22 (w/HMO) or \$676.43 (w/PPO)	City contributes toward cost of medical for Elected Official only; City contributes toward cost of dental/vision for Elected Official and dependent(s)
Grover Beach	N/A	
Morro Bay	Elected Official Only: \$526.47 Elected Official +1: \$631.38 Elected Official +2: \$638.32	City contributes toward cost of medical for Elected Official only; City contributes toward cost of dental and vision for Elected Official and dependent(s)
Paso Robles	Elected Official Only: \$783.21 Elected Official +1: \$1,558.52 Elected Official +2: \$1,558.52	City contributes toward cost of medical, dental, and vision for Elected Official and dependent(s)
Pismo Beach	Elected Official Only: \$947.83 Elected Official +1: \$1,589.02 Elected Official +2: \$2,103.93	City contributes toward cost of medical, dental, and vision for Elected Official and dependent(s)
San Luis Obispo	Elected Official Only: \$550.00 Elected Official +1: \$1,088.00 Elected Official +2: \$1,472.00	City contributes toward cost of medical, dental and vision for Elected Official and dependent(s)

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