

ITEM 5.1

**CITY MANAGER’S REPORT
JANUARY 11, 2021 CITY COUNCIL REGULAR MEETING**

ITEM: HEALTH BENEFITS FOR CITY COUNCILMEMBERS

RECOMMENDATION: Adopt a Resolution Offering City Paid Health Benefits to City Councilmembers and Approving Related Budget Amendment

SUMMARY:

Currently, City Councilmembers (Council) have the option of purchasing health benefits through the City at their own cost. California Government Code Section 36516(4)(d) allows cities to pay health and welfare costs for Councilmembers, provided that the same benefits are available and paid by the city for its employees. The City currently offers up to a maximum of \$21,936 per calendar year (\$1,828 per month) to employees for health, dental and vision insurance. Any amount over the city maximum is paid directly by the employee.

Council may choose to authorize the attached resolution to provide City paid health benefits to Council. The City’s dental and vision plans do not allow for coverage of elected officials. Therefore, the attached resolution is only for health benefits. The total cost per Councilmember would vary based on whether benefits were taken and the plan chosen, but would cap at the current maximum of \$21,936 per year. Any amount over the annual contribution would be the responsibility of the Councilmember. See chart below for out of pocket example:

	Medical Kaiser HMO	City Monthly Contribution	Monthly Out of Pocket
Family	\$2,115.46	\$1,828.00	\$287.46
Employee +1	\$1,627.28	\$1,828.00	\$0
Employee	\$813.64	\$1,828.00	\$0

***The most commonly used medical plan (Kaiser HMO) was used in example. Other HMO and PPO plans are available at higher and lower costs.**

Expenditures for the Council are paid for from the General Fund. A General Fund budget amendment for \$54,840 would be needed in the current Fiscal Year if Council authorizes the Resolution. The future expenditures associated with this approval would be included through the annual budget adoption process.

BACKGROUND:

In 2001, Council authorized Resolution 01-1127 that provided health benefits to City Councilmembers (Council) on a voluntary basis with the entire cost to be paid by the individual Councilmember.

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California Government Code Section 36516(4)(d) allows cities to pay health and welfare costs for Council, provided that the same benefits are available and paid by the city for its employees. Currently, the City pays up to \$21,936 (\$1,828 per month) per employee, per year for benefits. Any amount over the city maximum is currently paid directly by the employee. If the premium for coverage exceeds the amount provided by the City, the individual Councilmember would be responsible for paying the balance.

Many cities in our area pay benefits for their Councils. Councilmembers in Ceres, Lodi, Manteca, Tracy and Ripon have the option of the city paying for their benefits. California Government Code Section 36516(4)(d) allows the City to offer city paid benefits to Councilmembers with the approval of a Resolution by the Council.

REASON FOR RECOMMENDATION:

Currently, the Councilmembers may choose to pay for City benefits at their own costs. California Government Code Section 36516(4)(d) allows cities to pay health and welfare costs for Council, provided that the same benefits are available and paid by the city for its employees. Many cities in our area pay benefits for their Councils. Councilmembers in Ceres, Lodi, Manteca, Tracy and Ripon have the option of the city paying for their benefits.

FISCAL IMPACT:

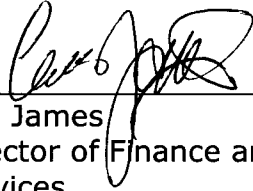
The City currently pays up to \$21,936 per year (\$1,828 per month) per employee for health benefits. Amounts over the City maximum are paid directly by the employee. If Council chooses to offer City paid benefits to Councilmembers, a General Fund budget amendment in the amount of \$54,840 would be needed in the current Fiscal Year. The future expenditures associated with this approval would be included through the annual budget adoption process.

ATTACHMENTS:

- A. Resolution

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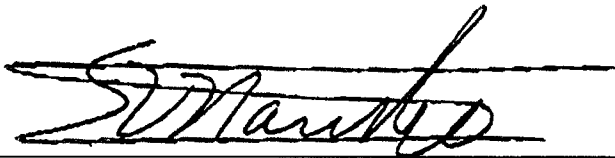
APPROVALS:



Cari James
Director of Finance and Administrative
Services

1/5/2021

Date



Salvador Navarrete
City Attorney

1/6/2021

Date



Stephen J. Salvatore
City Manager

1.6.21

Date

RESOLUTION NO. 21-_____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LATHROP
OFFERING CITY PAID HEALTH BENEFITS TO CITY COUNCILMEMBERS AND
APPROVING RELATED BUDGET AMENDMENT**

WHEREAS, City Councilmembers have the option to purchase health benefits through the City at their own costs; and

WHEREAS, California Government Code Section 36516(4)(d) allows cities to pay health and welfare costs for Councilmembers, provided that the same benefits are available and paid by the city for its employees; and

WHEREAS, the City currently offers up to a maximum of \$21,936 per calendar year (\$1,828 per month) to employees for health, dental and vision insurance; and

WHEREAS, any amount over the City maximum is paid directly by the employee; and

WHEREAS, Council may choose to provide City paid health benefits to Councilmembers at a maximum cost of \$21,936 per calendar year (\$1,828 per month), per councilmember; and

WHEREAS, the City's dental and vision plans do not allow for the coverage of elected officials; and

WHEREAS, any amount over the City's annual contribution amount would be the responsibility of the Councilmember.

NOW, THEREFORE, BE IT RESOLVED that the City Council authorizes the City to provide city paid health benefits to Councilmembers up to a maximum of \$21,936 per calendar year (\$1,828 per month).

NOW, THEREFORE, BE IT FURTHER RESOLVED that the City Council authorize the following budget amendment for Fiscal Year 2020/21:

Increase Expenditures:	
1010-1110-410-4000	\$54,840

The foregoing resolution was passed and adopted this 11th day of January, 2021, by the following vote of the City Council, to wit:

AYES:

NOES:

ABSENT:

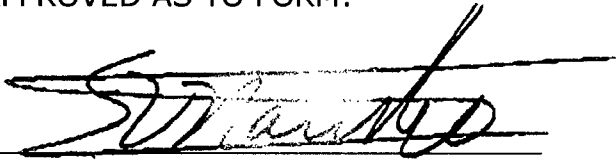
ABSTAIN:

Sonny Dhaliwal, Mayor

ATTEST:

APPROVED AS TO FORM:

Teresa Vargas, City Clerk



Salvador Navarrete, City Attorney

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