

## ITEM 2.6

### CITY MANAGER'S REPORT MARCH 25, 2024 CITY COUNCIL SPECIAL MEETING

**ITEM:** HEALTH BENEFITS FOR CITY COUNCILMEMBERS

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

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#### 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 \$23,892 per calendar year (\$1,991 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 \$23,892 per year. Any amount over the annual contribution would be the responsibility of the Councilmember. See chart below for out of pocket example:

	<b>Medical Kaiser HMO</b>	<b>City Monthly Contribution</b>	<b>Monthly Out of Pocket</b>
<b>Family</b>	\$2,655.67	\$1,991.00	<b>\$664.67</b>
<b>Employee +1</b>	\$2,042.82	\$1,991.00	<b>\$51.82</b>
<b>Employee</b>	\$1,021.41	\$1,991.00	<b>\$0</b>

**\*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 \$29,865 would be needed in Fiscal Year 23/24 and for \$122,730 in Fiscal Year 24/25, if Council authorizes the Resolution. The future expenditures associated with this approval would be included through the annual budget adoption process.

**CITY MANAGER'S REPORT  
MARCH 25, 2024 CITY COUNCIL SPECIAL MEETING  
HEALTH BENEFITS FOR CITY COUNCILMEMBERS**

**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.

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 \$23,892 (\$1,991 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:**

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 provide City paid health benefits for their elected officials. Councilmembers in Ceres, Lodi, Manteca, Tracy and Ripon are provided City paid health benefits that mirror the health benefits offered to the employees of those agencies.

**FISCAL IMPACT:**

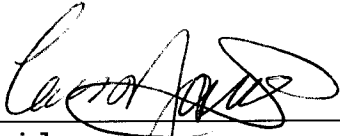
The City currently pays up to \$23,892 per year (\$1,991 per month) per employee for health benefits. Amounts over the City maximum are paid directly by the employee. If Council chooses to offer City paid benefits to Councilmembers, a General Fund budget amendment in the amount of \$29,865 would be needed in Fiscal Year 23/24 and \$122,730 in Fiscal Year 24/25. The future expenditures associated with this approval would be included through the annual budget adoption process.

**ATTACHMENTS:**

- A. Resolution

**CITY MANAGER'S REPORT  
MARCH 25, 2024 CITY COUNCIL SPECIAL MEETING  
HEALTH BENEFITS FOR CITY COUNCILMEMBERS**

**APPROVALS:**



Cari James  
Director of Finance

3/19/2024

Date



Thomas Hedegard  
Deputy City Manager

3/19/2024

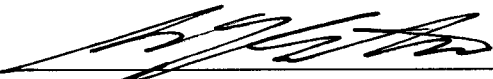
Date



Salvador Navarrete  
City Attorney

3.19.2024

Date



Stephen J. Salvatore  
City Manager

3.19.24

Date

**RESOLUTION NO. 24-\_\_\_\_\_**

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

**WHEREAS**, City Councilmembers have the option to purchase health dental and vision 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 \$23,892 per calendar year (\$1,991 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, dental and vision benefits to Councilmembers at a maximum cost of \$23,892 per calendar year (\$1,991 per month), per councilmember; 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, dental and vision benefits to Councilmembers up to a maximum of \$23,892 per calendar year (\$1,991 per month).

**NOW, THEREFORE, BE IT FURTHER RESOLVED** that the City Council authorize the following budget amendments:

Fiscal Year 23/24

Increase Expenditures:	
1010-1110-410-4000	\$29,865

Fiscal Year 24/25

Increase Expenditures:	
1010-1110-410-4000	\$122,730

The foregoing resolution was passed and adopted this 25<sup>th</sup> day of March, 2024, 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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