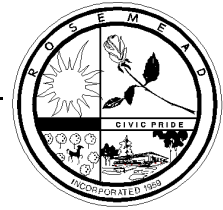


# MEMORANDUM

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TO: Jeff Allred, City Manager

FROM: Matthew E. Hawkesworth, Assistant City Manager

DATE: May 12, 2011

RE: CITY COUNCIL COMPENSATION AND BENEFITS

The compensation and benefits currently received by the Council appear to be similar in nature to those received by most other cities in Los Angeles County. A list of each eligible benefit and some brief historical information has been provided for your reference along with the necessary staff reports, minutes and contracts.

1. City Council Salary – The current salary of \$1,118.63 per month was approved through the adoption of Ordinance 841. The first reading of this ordinance was on November 22, 2005 and the second reading took place on December 19, 2006. Copies of staff reports, ordinance and minutes are attached for reference. (Refer to Attachments A, B, C, D & E)
2. Community Development Commission Stipend – The current stipend of \$75 per meeting, not to exceed \$150 per month was approved on December 27, 2005 through Resolution 2005-49 in accordance with Assembly Bill 11 (AB 11). A copy of the staff report, resolution and minutes are attached for reference. (Refer to Attachments F, G & H)
3. City Council Benefit Allowance of \$1,600 per month – The City Council originally began receiving City paid health benefits in 1992 when the City joined CalPERS for retirement and medical benefits. The Council adopted the initial resolution of intent to join CalPERS for retirement and health benefits on Aug. 11, 1992. Subsequently, on Sept. 8, 1992 the Council approved to fund the premium costs of all active CalPERS members via Resolution 1992-41. The City Council finalized the transition to CalPERS on Nov. 24, 1992 through the adoption of Resolutions 1992-54, 1992-55, 1992-56 and 1992-57. Through the adoption of all the resolutions in 1992, the Council indirectly approved that they would receive the benefits by not specifically excluding themselves from the benefits in the CalPERS contract. On June 12, 2007 the City Council approved the withdrawal from the CalPERS medical insurance program and the implementation of a medical insurance program with a private insurance broker along with the implementation of a \$1,600 per month cafeteria benefit allowance. At that time, all personnel who were previously receiving benefits under the previous system were to be transitioned to the new benefit programs. However, due to the improper filing of the necessary paperwork to withdraw from the CalPERS medical program, this withdrawal never took place; although the City did continue the transition to a cafeteria benefit allowance. A copy of the staff reports, resolutions and minutes are attached for reference. (Refer to Attachments I, J, K, L, M, N, O, P, Q, R, & S)
4. Cell phone reimbursement up to \$150 per month and equipment reimbursement up to \$300 per year – On February 2, 2000 the City Council approved a benefit which provided for a personal computer, fax machine, telephone line and internet access at each council member's home. This

benefit was in place until the City Council implemented the Accessibility and Technology Reimbursement Policy on May 8, 2007. The approval of this new policy specifically identified City Council members as being eligible. A copy of the staff report, minutes, and policy are attached for reference. (Refer to Attachments T, U, V, W, & X)

5. Employer paid deferred compensation – The City Council began receiving this benefit as of July 1, 2008 in conjunction with awarding \$500 per month in deferred compensation to the Executive Management staff. It was determined at that time that the Council had traditionally received the same benefits that had been awarded to staff and in turn, would be eligible to receive this benefit through the approval of the budget document to fund the benefit and the adoption of the M.O.U. A copy of the M.O.U. is attached for reference (Refer to Attachment Y)
6. CalPERS – The City joined CalPERS in 1992 and the Council at that time took action to include Council Members as covered under the retirement program. All of the staff reports, resolutions and minutes are attached for reference. (Refer to Attachments I, J, M, Q, R, & S)
7. PARS Enhanced Retirement program – On June 6, 2000 the City Council adopted Resolution 2000-28, approving the development of a retirement enhancement program through the Public Agency Retirement System (PARS) that adds 0.3% to the pension multiplier formula bringing the formula to 3.0% at age 55. On July 11, 2000 the City Council adopted the agreements to establish a supplemental retirement program with PARS. Through this program, Council Members serving the City on or after July 1, 2000, at least fifty-five (55) years of age and have completed twelve (12) or more years of service as a Council Member were eligible for the benefit. As part of the Benefit Modifications that became effective July 1, 2007, the benefit was modified so that an employee must be employed for twenty (20) years to be eligible for the benefit. Effective July 1, 2010 this PARS enhanced retirement benefit is not provided to new hires including City Council Members who enter office after that date. Copies of staff reports and minutes are attached for reference. (Refer to Attachments R, S, Z, AA, AB, AC & AD)
8. Retiree medical insurance payments of up to \$500 after 10 years and up to \$1,000 per month after 20 years - The City Council adopted Resolution 2001-20 which first approved retiree lifetime medical insurance on July 10, 2001. At that time anyone who retired from the City into CalPERS and was considered an Annuitant was eligible to receive lifetime medical insurance from any insurance plan that the City offered. Since the City Council members are members of CalPERS and can receive retirement benefits, upon retirement they do become Annuitants for this program. Government Accounting Standards Board Rule #45 (GASB 45) subsequently required cities to perform an actuarial valuation to determine the accumulated liability of this benefit. This valuation was done and was reported to the Council in 2007 as being \$9.85 million. On June 12, 2007, the Council then approved an action to reduce the benefit to a maximum of \$500 per month after 10 years of service or up to \$1,000 per month after 20 years of service, and have it only apply those hired on or before July 1, 2007. This reduced the accrued liability to \$3.2 million which the Council voted to fund over five years. Presently, this benefit would only apply to two current City Council Members who took office prior to July 1, 2007. Other Council Members are NOT eligible for this benefit. Copies of staff reports, resolutions and minutes are attached for reference. (Refer to Attachments R, S, AE & AF)

9. Misc. insurance benefits – Life, ADD, LTD & STD – These benefit entitlements were part of the same action taken in items 3 and 8 above on June 12, 2007. When this action was taken, all previous benefits were modified to the new benefit structure. (Refer to Attachments R &S)

Attachments:

- A – Staff report setting City Council Salaries on Nov. 22, 2005
- B – Minutes from Nov. 22, 2005
- C – Staff report setting City Council Salaries on Dec. 19, 2006
- D – Minutes from Dec. 19, 2006
- E – Ordinance 841
- F – Staff report setting Community Development Commission Compensation on Dec. 20, 2005
- G – Minutes from Dec. 27, 2005
- H – Resolution 2005-49
- I – Resolution 92-37
- J – Minutes from Aug. 11, 1992
- K – Resolution 92-41
- L – Minutes from Sept. 8, 1992
- M – Resolution 92-54
- N – Resolution 92-55
- O – Resolution 92-56
- P – Resolution 92-57
- Q – Minutes from Nov. 24, 1992
- R – Benefits Modification staff report from June 12, 2007
- S – Minutes from June 12, 2007
- T – City Council Use of City Owned Computers staff report
- U – Minutes from Feb. 8, 2000
- V – Accessibility & Technology Reimbursement Policy staff report
- W – Minutes from May 8, 2007
- X – Accessibility & Technology Reimbursement Policy
- Y – 2008-10 Memorandum of Understanding
- Z – Resolution 2000-28
- AA – Minutes from June 6, 2000
- AB – Establishment of the PARS Supplemental Retirement Plan staff report
- AC – Resolution 2000-40
- AD – Minutes from July 11, 2000
- AE – Resolution 2001-20
- AF – Minutes from July 10, 2001