

Agenda Report

February 26, 2001

TO: City Council
FROM: City Manager
RE: Employment Contract for Executive Positions

Recommendation:

It is recommended that the City Council authorize the City Manager to enter into individual Employment Contracts for all Assistant City Managers and Department Administrators hired after February 15, 2001. It is further recommended that the City Manager be authorized to enter into Employment Contracts with existing Assistant City Managers and Department Administrators, by mutual agreement of the parties.

Background:

In the City of Pasadena, all executive managers, including the City Attorney, City Clerk, City Manager, Assistant City Managers and Department Administrators are employed as at-will employees. A list of the Department Administrators, as used in this report, is included in Attachment A. These employees serve at the will of their respective employer (City Council or City Manager). Pasadena currently uses Employment Contracts for only some of these positions.

In accordance with the Pasadena City Charter, the City Manager has the responsibility for hiring all Assistant City Managers and Department Administrators. As used in this report, "Department Administrator" refers to certain officials who are appointed by the City Manager and whose job responsibilities include directing a City Department. Excluded from this definition are the City Attorney, City Clerk, and City Manager, officials appointed by the City Council.

At-will employees serve at the pleasure of the employer and may be terminated from service at any time, without notice, cause, or rights of appeal, except when the termination conditions are modified by contract. For at-will employees, employment contracts offer a process and specify terms for severing the

employer-employee relationship, should that become desirable. Without such a contract, at-will employees have no guarantee that any settlement will be forthcoming if the employer determines that the relationship is not effective or that the position is no longer needed within the City structure.

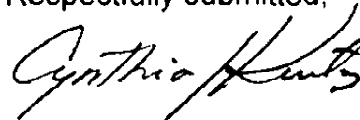
The proposed Employment Contract will set forth the at-will employment relationship, significant terms and conditions of employment, and the compensation. While most of the compensation provisions reflect that which has been approved by City Council in the Salary Resolution, there are two new provisions recommended. The first is severance pay, to be authorized by the City Manager under certain circumstances, in an amount not to exceed a total of six months salary. The second is the cash out of earned but unused vacation, to a maximum of three weeks as long as two weeks were used. The employment relationship, compensation, and significant terms of the proposed Employment Contract for Executive Managers are listed in Attachment B and incorporated into this recommendation.

Effective with the adoption of this recommendation, the City Manager will have the authority to enter into an Employment Contract with all future Department Administrators and Assistant City Managers who report to the City Manager. The City Council will continue to approve any significant changes in compensation and terms and conditions of employment from that shown in Attachment B.

Fiscal Impact:

With the exception of the cost of severance pay, should that occur, there is no fiscal impact associated with this recommendation. The cash out of vacation is cost neutral as unused vacation hours are ultimately paid to the employee when they leave the City.

Respectfully submitted,



CYNTHIA J. KURTZ
City Manager

ATTACHMENT A
DEPARTMENT ADMINISTRATORS

Director of Finance

Director of Housing and Development

Director of Human Resources

Director of Human Services, Recreation and Neighborhoods

Director of Library and Information Services

Director of Planning and Permitting

Director of Public Health

Director of Public Works and Transportation

Fire Chief and Assistant Director of Disaster Emergency Services

General Manager – Water and Power

Police Chief

ATTACHMENT B

TERMS OF EMPLOYMENT CONTRACTS FOR EXECUTIVE MANAGEMENT POSITIONS WHO REPORT TO CITY MANAGER

1. Base Salary

Employee will receive a salary in an amount up to the maximum approved by the City Council in the Salary Resolution. City Manager sets the initial starting salary at an amount specified in the Employment Contract.

Employee will receive an evaluation in six months from the hire date established in the Employment Contract and may receive a salary adjustment at that time at the discretion of the City Manager.

Employee will receive annual evaluations from the City Manager and may receive a salary adjustment depending on performance and changes in the Salary Resolution.

2. Benefits

City Vehicle or Car Allowance - The employee will receive either a City vehicle or car allowance, depending on the needs of the position. If the benefit is a car allowance, the monthly amount will be up to \$375 for Department Directors or \$450 for Assistant City Managers. The employee will be required to have and maintain a valid California Driver's License during the term of the contract.

Flexible Benefits Plan – City will contribute \$475 per month to be used at the employee's sole option to purchase benefits, receive cash at discounted rate, or allocate to individual deferred compensation account. The available benefits under the Flexible Benefits Plan currently includes: health insurance, vision care, supplemental long term disability, and supplemental life insurance. If the employee elects to not purchase health insurance, the City will contribute \$459 per month instead of \$475 per month.

Dental Insurance – City will contribute 100% of the employee's premium plus up to \$30 per month for dependent premium, for a dental care program provided by the City.

Life Insurance – City will provide life insurance and accidental death and dismemberment coverage in the amount of \$100,000.

Basic Long Term Disability Insurance – City will provide basic long term disability insurance up to \$900 per month.

Physical Examination - Employee will be eligible for an annual physical examination as provided by the City.

3. Pay for Performance

Annually, the City Manager, with the assistance of the employee, will define goals and performance objectives that the City Manager deems necessary for the proper operation of the City. These goals and performance measures will be in writing and correspond to the City Council's decisions for appropriation of funds in the annual operating and capital budgets. Upon successful completion of these goals and performance measures, the City Manager may authorize the employee an amount up to 6% of annualized salary in one lump sum.

4. Retirement

The employee will be a member of the Public Employee's Retirement System (PERS) of the State of California during the term of employment. Retirement benefits are currently specified under the City's contract with PERS and includes the 2% at 55 formula (2% at 50 formula for Safety positions). The City will pay the employee's cost for retirement of 7% (9% for Safety positions) for the employee.

5. Description of Duties

(From Job Description)

6. Rules of Conduct

Employee agrees to adhere to all City Personnel Conduct and Standards of Employment, City Municipal Codes and applicable State laws.

7. Term

The hire date will be established by mutual agreement of the employee and the City Manager and specifically included in the Employment Contract. The term of employment is expected to last without interruption until such time as one of the other provisions is triggered (i.e. severance or resignation).

8. Home Computer

Employee will be provided a City-owned personal computer to be used for City business. This computer may be stored and used at the employee's home. The City will provide on-line computer network services. At the end of employment the computer must be returned to the City or purchased by the employee in an amount set by the City.

9. Professional Development Allowance

The employee will receive an annual payment of \$750 per year to be used for the purchase of materials or services to enhance professional development.

10. Dues and Subscriptions

The City will pay dues and subscriptions for full participation in national, regional, state and local associations and organizations necessary or desirable for continued professional growth, with City Manager approval.

11. Moving Expenses

The City will reimburse the employee for reasonable moving expenses based on the lowest of three bids from established moving companies. The employee may choose whatever company is desired and is not required to go with the low bid.

12. Time Off

Holidays – The employee will receive 12 annual paid holidays.

Sick Leave – The employee will accrue sick leave at the rate of 80 hours per year.

Vacation – The employee will accrue vacation at the rate of 120 hours per year. Additional hours of vacation will be added in accordance with the following schedule:

<u>Upon completion of:</u>	<u>Additional Hours Accrued</u>
11 years of continuous service	8
12 years of continuous service	16
13 years of continuous service	24
14 years of continuous service	32
15 years or more of continuous service	40

Employee may cash out up to three weeks (120 hours) of earned but unused vacation per year, as long as employee uses a minimum of two weeks (80 hours) per year.

Management Time Off – The employee may receive up to 80 hours per year at the discretion and approval of the City Manager. Management Time Off is not eligible for carry-forward to the next year, nor for cash equivalent.

Bereavement – Employee may receive up to 27 hours for bereavement due to the death of an immediate family member.

Jury Duty Leave – Employee shall be paid for jury duty leave during the time that service is required. The employee shall pay to the City any and all fees received for such jury service, except those fees allowed for mileage.

13. Travel Expenses

The City will pay for travel and accommodation to participate in professional associations and organizations as approved on a request-by-request basis by the City Manager.

14. Termination and Severance

Employee is hired as an "at-will" employee and serves at the will of the City Manager.

In the event the employee is terminated by the City Manager during the first year of employment and the employee remains willing and physically able to perform the functions and duties, the City agrees to pay the employee a severance pay equal to his/her salary for one-half of the time worked, up to a maximum of three months of salary.

In the event the employee is terminated by the City Manager after the first year of employment and the employee remains willing and physically able to work, the City agrees to pay the employee a severance pay equal to six months of salary.

15. Outside Employment

During the term of this agreement, employee will not engage in any other work or employment without the written consent of the City Manager.

16. Confidentiality

Employee acknowledges that in connection with the performance of his/her duties, he/she will obtain information from third parties of a confidential nature. Employee agrees that he/she will not disclose any

such information other than to the officers and employees of the City who have been authorized to have access to such information.

17. Resignation

In the event the employee terminates the Employment Contract by voluntary resignation of the position, he/she will not be eligible for any severance pay. The employee is required to give the City Manager at least a 30 days written notice of a decision to leave. (Current employees will be required to give at least two weeks notice of termination.)