



Agenda Report

DATE: November 17, 2014

TO: City Council
FROM: Mayor Bill Bogaard
RE: APPROVAL OF EMPLOYMENT AGREEMENT – CITY MANAGER
MICHAEL J. BECK

RECOMMENDATION:

It is recommended that the City Council approve a new employment agreement for City Manager Michael J. Beck which sets forth the terms and conditions of the employment agreement between the parties. It is further recommended that the Mayor be authorized to sign this employment agreement to reflect City Council approved changes.

BACKGROUND:

On September 23, 2008, the City entered into an employment agreement (Contract No. 19,748) with Michael J. Beck as City Manager. The employment agreement was amended September 12, 2011 (Contract No. 19,748-1) and October 29, 2012 (Contract No. 19,478-2).

As part of the City's ongoing efforts to standardize benefits for employees, the new employment agreement ties the City Manager's benefits and several other terms and conditions of employment to equal those of Non-Represented Executive Management as identified in the salary resolution approved by the City Council. Additionally, there are several areas of the employment agreement that are specific to the City Manager.

The key modifications in this agreement include the following:

1. Benefits – The City Manager shall receive no less than the benefits provided to Executive Management employees as identified in the salary resolution approved by the City Council. Benefits identified specifically in the agreement include annual medical exam, a City provided vehicle, management time off, and City provided business equipment.

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2. Vacation – Accrues on a per pay period basis up to one hundred eighty-four hours per year (per current agreement). To prevent excessive vacation accrual, a new provision is added which provides that each January accrued vacation in excess of six hundred and forty hours will convert to cash at the base rate of pay and be deferred into a 401(a) plan. This new provision of the employment contract will reduce future costs related to accrued vacation.
3. Deferred Compensation – City contributes the annual allowed contribution under the 457 plan provisions (per current agreement). Under the new agreement the City contribution is deposited into a 401(a) plan rather than the current 457 plan.

The attached employment agreement includes the following general provisions which are relatively unchanged from the existing employment agreement:

1. Salary – Salary control rate unchanged from \$292,520 that was effective December 29, 2012.
2. Lump-Sum Incentive Bonus – Annually in September, at the City Council's discretion, the City Manager is eligible for a lump sum bonus.
3. Life Insurance – Coverage of one and a half times annual base pay.
4. Performance Evaluation – Conducted annually in September.
5. Notice of Leave – A leave of absence in excess of two weeks requires notice to the Mayor.
6. Professional Development – City will pay for professional memberships, dues, subscriptions and conferences. Includes travel costs for participation in professional organizations and conferences.
7. Termination & Severance – City Manager serves at-will at the pleasure of the City Council. A sixty day notice is required for termination. Severance is provided as one year of salary. Additional provisions are included if termination is within forty-five days following the installation of the City Council.

The remaining sections of the employment agreement including indemnification, bonding, notices, general provisions, and other terms and conditions are standard per the City's employment contract format.

COUNCIL POLICY CONSIDERATION:

The approval of the employment agreement supports the City Council's strategic goal of maintaining fiscal responsibility and stability.

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FISCAL IMPACT:

The fiscal impact with the approval of this employment agreement is a one-time cost of \$63,460 for conversion of vacation to a deferred compensation account to reduce future costs related to vacation obligations of the City to be paid from the Benefit Fund. The ongoing fiscal impact is approximately \$3,822 to the General Fund which is related to the Employee Option Benefit Fund allowance used to offset medical insurance premiums.

Respectfully Submitted,



Bill Bogaard
Mayor

Prepared by:



Kristi Recchia
Director of Human Resources

Attachments:

1. Employment Agreement – City Manager