



# Agenda Report

**DATE:** October 21, 2019

**TO:** City Council

**FROM:** Mayor Terry Tornek

**SUBJECT:** APPROVAL OF THIRD AMENDMENT TO EMPLOYMENT AGREEMENT FOR CITY MANAGER

**RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the action proposed herein is not a "project" as defined in the California Environmental Quality Act (CEQA), Public Resources Code Section 21065 and Section 15378(b)(2) of the State CEQA Guidelines and, as such, is not subject to environmental review; and
2. Approve an amendment to the employment agreement for City Manager Steven B. Mermell to provide an increase to his annual salary. It is further recommended that the Mayor be authorized to sign the amendment to the employment agreement to reflect City Council-approved changes.

**BACKGROUND:**

On August 8, 2016, the City entered into an employment agreement (Contract No. 22,636) with Steven B. Mermell as City Manager. The employment agreement has been modified twice: the first amendment on January 8, 2018 (Contract No. 22,636-1) and the second amendment on November 19, 2018 (Contract No. 22,636-2).

As a result of the recently completed performance evaluation, the Council recommends approving the attached amendment which includes the following:

THIRD AMENDMENT TO EMPLOYMENT AGREEMENT FOR CITY MANAGER

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1. Compensation/Salary – Effective August 5, 2019, the City Manager will be paid a base annual salary of \$301,930 representing a 2% increase, and the salary control rate for the City Manager classification shall also be \$301,930. The August 2019 effective date is one year from the date of the City Manager's last merit increase and consistent with the practice for timing of annual merit increases provided to other City employees.
2. Management Incentive Pay—The City Manager will receive a one-time, lump sum payment of \$10,000.
3. Benefits/Pension Contribution—The City Manager will continue making a 10% employee-paid pension contribution to the Public Employees' Retirement System (PERS).

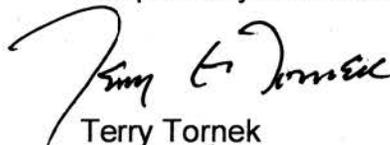
**COUNCIL POLICY CONSIDERATION:**

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

**FISCAL IMPACT:**

The approval of the employment agreement for the City Manager is estimated to have a one-time cost of \$10,000 plus an overall fiscal impact of \$6,900. There are sufficient appropriations within the City Manager Department's FY 2020 Operating Budget to support this action.

Respectfully Submitted,



Terry Tornek  
Mayor

Prepared by:



Jennifer Curtis  
Director of Human Resources

Attachment:

1. THIRD AMENDMENT TO CITY MANAGER EMPLOYMENT AGREEMENT