

Agenda Report

October 29, 2012

TO: City Council

FROM: Mayor Bill Bogaard

SUBJECT: APPROVAL OF AMENDMENT TO EMPLOYMENT AGREEMENTS – CITY MANAGER MICHAEL J. BECK, CITY ATTORNEY MICHELE B. BAGNERIS AND CITY CLERK MARK JOMSKY

RECOMMENDATION:

It is recommended that the City Council approve amendments to employment agreements for Council Appointees of City Manager, City Attorney and City Clerk to implement terms and benefit adjustments for these positions. It is further recommended that the Mayor be authorized to sign these employment contracts, as needed, to reflect City Council approved changes. These adjustments are consistent with changes being made with other employee groups to support the City Council's strategic goal of fiscal responsibility and stability.

BACKGROUND:

On September 23, 2008, the City entered into an employment agreement (Contract No. 19,748) with Michael J. Beck as City Manager. This employment agreement was amended September 12, 2011 to provide for continuing service without specific renewal dates consistent with provisions in employment agreements with the City Attorney and the City Clerk. This amendment did not include any changes to pay or benefits.

On August 16, 1999, the City entered into an employment agreement (Contract No. 17,080) with Michele B. Bagneris as City Attorney. This employment agreement has been amended several times to reflect changes to pay and benefits.

On July 22, 2008, the City entered into an employment agreement (Contract No. 19,710) with Mark Jomsky as City Clerk. This employment agreement has been amended twice to reflect changes to pay and benefits.

As part of the efforts the City Council has taken to address pension reform, it is imperative for City management staff to make changes that reduce the City's pension

obligation. By these amendments, the City Council appointees will pick up the full employee contribution (8%) for retirement and the City's obligation for PERS on PERS will be eliminated. To retain valued employees, a salary increase will offset some of the lost income.

The following changes are recommended to the three employment agreements:

- A. Salaries: Effective December 31, 2012, the City will provide a 3% salary increase for City Manager, City Attorney and City Clerk. Control rates will be adjusted as follows:

| | <u>Current Control Rate</u> | <u>Proposed Control Rate</u> |
|---------------|-----------------------------|------------------------------|
| City Manager | \$284,000 | \$292,520 |
| City Attorney | \$225,144 | \$231,898 |
| City Clerk | \$143,006 | \$147,296 |

- B. Retirement: Effective December 31, 2012, the City Manager, City Attorney and City Clerk will pick up an additional 4.4% of member contribution to PERS (for a total of 8%). Member contributions will be deducted on a pre-tax basis. Effective December 31, 2012 or as soon as administratively possible thereafter, PERS on PERS will be eliminated and the Employer Paid Member Contribution (EPMC) will be reduced to 0% for these positions. In order to implement these specific changes, two separate resolutions will be forwarded to CalPERS.
- C. Health Insurance: Effective January 1, 2013, contribution to the Employee Option Benefit Fund (EOBF) for full family coverage for the City Manager, City Attorney, and City Clerk will be tied to the least expensive family health plan premium. The City's contribution for single and two-party coverage will be capped at \$1120.11 until the premium for the least expensive health plan in each coverage level exceeds the City's contribution to EOBF. Effective November 5, 2012, the City will contribute \$400 to EOBF for deferred compensation for all new employees who do not take the City's medical coverage.
- D. Vacation: Effective January 1, 2013, or as soon as administratively possible thereafter, vacation for the City Manager and the City Clerk shall be accrued on a per-pay period basis; the vacation cap is increased from two to three vacation periods; standardizes the immediate vacation bank the City Council may grant to new appointees at a rate not to exceed 120 hours or the vacation allocation received in the employee's prior employment; standardizes the maximum hours that may be cashed out at one year's earned accrual provided that 80 hours of paid time has been used.

- E. Sick Leave: Effective January 1, 2013, or as soon as administratively possible thereafter, sick leave for the City Manager, City Attorney and City Clerk shall be accrued on a per-pay period basis; the sick leave cap shall increase from 960 to 1,200 hours which may be converted to PERS service credit at retirement; standardizes the immediate sick leave bank the City Council may grant to new appointees at a rate not to exceed 80 hours or the sick leave allocation received in the employee's prior employment.
- F. Tuition Reimbursement: Deletes the \$750 tuition reimbursement cap and authorizes the City Council to provide tuition reimbursement for job related courses.

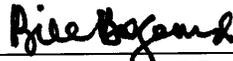
COUNCIL POLICY CONSIDERATION

These amendments to employment agreements support the City Council's strategic goal to maintain fiscal responsibility and stability.

FISCAL IMPACT:

The fiscal impact from implementing these changes for the remaining six months of fiscal year 2013 represents a savings of \$48,294.

Respectfully submitted,



BILL BOGAARD
Mayor