

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL

FROM: JOANNE NARLOCH, INTERIM HUMAN RESOURCES DIRECTOR  
HUMAN RESOURCES DEPARTMENT

SUBJECT: APPROVAL OF AMENDMENT NO. 2 TO CITY MANAGER'S  
EMPLOYMENT AGREEMENT AND ORDINANCE TO INCREASE  
THE COMPENSATION OF THE CITY MANAGER BY  
PROVIDING, EFFECTIVE JULY 9, 2017, (1) A 3% COST OF  
LIVING SALARY INCREASE AND (2) A CONTRIBUTION BY THE  
CITY FOR THE 2017-2018 FISCAL YEAR EQUAL TO 0.25% OF  
BASE SALARY TO THE CITY MANAGER'S RETIREE HEALTH  
SAVINGS PLAN.

AGENDA ACTION: RESOLUTION AND ORDINANCE INTRODUCTION

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RECOMMENDATION

It is recommended by the Human Resources Department that the Council, by resolution, approve Amendment No. 2 to the Employment Agreement of the City Manager and introduce an Ordinance to increase the compensation of the City Manager by providing, effective July 9, 2017, (1) a 3% cost of living salary increase, and (2) a contribution by the City for the current fiscal year equal to 0.25% of base salary to the City Manager's Retiree Health Savings Plan.

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EXECUTIVE SUMMARY

The Human Resources Department recommends that the Council consider amending the Employment Agreement of the City Manager and introducing an Ordinance increasing the Compensation of the City Manager by providing the City Manager, effective July 9, 2017, the same 3% cost of living salary increase and retiree health savings plan contribution for the current fiscal year of 0.25% of base salary that the Council previously approved for Executive Management Staff.

BACKGROUND

The City Manager's salary and compensation are set by ordinance adopted by City Council, and the City's employment agreement with the City Manager is approved by

APPROVAL OF AMENDMENT NO. 2 TO CITY MANAGER EMPLOYMENT AGREEMENT AND ORDINANCE TO INCREASE THE COMPENSATION OF THE CITY MANAGER BY PROVIDING, EFFECTIVE JULY 9, 2017, (1) A 3% COST OF LIVING SALARY INCREASE AND (2) A CONTRIBUTION BY THE CITY FOR THE 2017-2018 FISCAL YEAR EQUAL TO 0.25% OF BASE SALARY TO THE CITY MANAGER'S RETIREE HEALTH SAVINGS PLAN.

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the Council by resolution.

As established by ordinance, and provided in the City Manager's employment agreement as previously amended ("Employment Agreement"), the City Manager's current salary is \$18,801 per month.

The Employment Agreement provides that "[t]he City Manager's compensation shall change by the percentage of the cost of living salary adjustment, if any, and benefits adjustment, if any, paid to the City's executive management in the then current fiscal, unless the Council fixes some different amount for the City Manager in advance of July 1st."

The Employment Agreement further provides that the City shall provide the City Manager with a Retiree Health Savings Plan "under the same terms it is provided to other executive management employees."

On July 18, 2017, the Council approved a 3% cost of living salary increase and, for the current fiscal year, a 0.25% of base salary retiree health savings plan contribution for executive management. These benefits took effect on July 9, 2017. The Council has not yet taken action to provide the City Manager with a cost of living increase or a retiree health savings plan contribution for the current fiscal year.

#### PRIOR CITY COUNCIL REVIEW

On August 5, 2014, City Council, by resolution, appointed the current City Manager to the position of City Manager, approved the Employment Agreement – City Manager and authorized the Mayor to execute the agreement on behalf of the City.

On August 26, 2014, City Council adopted an Ordinance Establishing Salary and Other Compensation and Benefits for the then new City Manager setting the City Manager's salary at \$17,895 per month with a two and one half (2.5%) cost of living increase effective on July 12, 2015.

On August 30, 2016, City Council adopted Resolution No. 28853 approving Revised Amendment No. 1 to Employment Agreement - City Manager. That amendment provided the City Manager with a cost of living salary increase of 2.5% effective on July 10, 2016, bringing the City Manager's salary to its current level of \$18,801 per month.

On September 13, 2016, City Council adopted an Ordinance setting the City Manager's salary at \$18,801 per month as of July 10, 2016.

APPROVAL OF AMENDMENT NO. 2 TO CITY MANAGER EMPLOYMENT AGREEMENT AND ORDINANCE TO INCREASE THE COMPENSATION OF THE CITY MANAGER BY PROVIDING, EFFECTIVE JULY 9, 2017, (1) A 3% COST OF LIVING SALARY INCREASE AND (2) A CONTRIBUTION BY THE CITY FOR THE 2017-2018 FISCAL YEAR EQUAL TO 0.25% OF BASE SALARY TO THE CITY MANAGER'S RETIREE HEALTH SAVINGS PLAN.

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On July 18, 2017 City Council approved Resolution No. RES-2017-146 which, beginning on July 9, 2017, gave Unit 10 – Executive Management a 3% cost of living salary increase and a contribution by the City for the current fiscal year to Retiree Health Savings Plan equal to 0.25% of base salary.

### ANALYSIS

The City Manager's Employment Agreement provides that "the City Manager's compensation shall change by the same percentage of the cost of living salary adjustment, if any, and benefits adjustment, if any, paid to the City's executive management in the then current fiscal year, unless the Council fixes some different amount of the City Manager in advance of July 1." Additionally, the Employment Agreement provides that the City Manager shall be provided a Retiree Health Savings Plan (RHS) "as provided to other management employees."

The City Council recently approved a 3% cost of living salary increase and, for the current fiscal year, a 0.25% retiree health savings plan contribution for the Executive Managers, and these benefits took effect on July 9, 2017. The Council has not yet taken action to provide a cost of living salary increase or retirement health savings plan contribution to the City Manager.

To provide the City Manager with the same cost of living salary increase, and the same retiree health savings plan contribution provided to executive management team in the current fiscal year, Council must approve, by resolution, an amendment to the City Manager Employment Agreement and adopt an Ordinance establishing the City Manager's new compensation.

### FISCAL IMPACT

The total cost of this resolution and ordinance for the current fiscal year is \$8,890.00 This is a General Fund expenditure and will come from the unassigned fund balance.

### ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

APPROVAL OF AMENDMENT NO. 2 TO CITY MANAGER EMPLOYMENT AGREEMENT AND ORDINANCE TO INCREASE THE COMPENSATION OF THE CITY MANAGER BY PROVIDING, EFFECTIVE JULY 9, 2017, (1) A 3% COST OF LIVING SALARY INCREASE AND (2) A CONTRIBUTION BY THE CITY FOR THE 2017-2018 FISCAL YEAR EQUAL TO 0.25% OF BASE SALARY TO THE CITY MANAGER'S RETIREE HEALTH SAVINGS PLAN.

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BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment – Amendment No. 2 to Employment Agreement
- Resolution
- Ordinance

CONTACT

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