

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: DOMINIQUE BLANQUIE, INTERIM HUMAN RESOURCES
DIRECTOR
SUBJECT: APPROVAL OF AMENDMENT NO. 2 TO CITY MANAGER'S
EMPLOYMENT AGREEMENT AND INTRODUCTION OF
ORDINANCE TO INCREASE THE COMPENSATION OF THE CITY
MANAGER BY PROVIDING (1) A 5% MERIT INCREASE IN
SALARY EFFECTIVE JANUARY 1, 2023, (2) A 2.5% COST OF
LIVING SALARY ADJUSTMENT EFFECTIVE JULY 2, 2023, (3) A
MERIT INCREASE EQUAL TO 5% OF \$276,750 EFFECTIVE
DECEMBER 3, 2023, (4) A MERIT INCREASE EQUAL TO 6% OF
\$276,750 EFFECTIVE THE BEGINNING OF THE FIRST PAY
PERIOD IN JUNE, 2024, (5) A MERIT INCREASE IN JUNE 2025 IF
AND AS NEEDED TO ALIGN THE CITY MANAGER'S SALARY TO
THE THEN-AVERAGE CITY MANAGER SALARY IN
COMPARABLE JURISDICTIONS, (6) AN ENHANCED WELLNESS
BENEFIT OF \$4,800 YEARLY, EFFECTIVE JANUARY 1, 2023, (7)
A FIVE YEAR CONTRACT TERM, AND (8) AN OPPORTUNITY TO
EXPLORE HOUSING LOAN OPTIONS

AGENDA ACTION: RESOLUTION AND ORDINANCE INTRODUCTION

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 (1) a 5% merit increase in salary effective January 1, 2023, (2) a 2.5% cost of living salary adjustment effective July 2, 2023, (3) a merit increase equal to 5% of \$276,750 effective December 3, 2023, (4) a merit increase equal to 6% of \$276,750 effective the beginning of the first pay period in June, 2024, (5) a merit increase in June 2025 if and as needed to align the city manager's salary to the then-average City Manager salary in comparable jurisdictions, (6) an enhanced wellness benefit of \$4,800 yearly, effective January 1, 2023, (7) a five year contract term, and (8) an opportunity to explore housing loan options.

EXECUTIVE SUMMARY

The Human Resources Department recommends that the Council consider amending the Employment Agreement of the City Manager and approve an ordinance increasing the compensation of the City Manager by providing the City Manager: (1) a 5% merit increase in salary, effective January 1, 2023, resulting in an annual salary of \$290,588 as of that date; (2) a 2.5% cost of living adjustment effective July 2, 2023, resulting in an annual salary of \$297,853 as of that date; (3) a merit increase in salary equal to 5% of \$276,750 effective December 3, 2023, resulting in an annual salary of \$311,691 as of that date; and (4) a merit increase in salary equal to 6% of \$276,750 effective the beginning of the first pay period in June, 2024, resulting in an annual salary of \$328,296 as of that date. The 2.5% COLA is pursuant to the previously approved three-year Memorandum of Understanding with Unit 10 (Executive Management). The merit increases are intended to bring the City Manager's salary into alignment with the current average salary for City Manager classifications in comparable jurisdictions. In addition, City Council agrees to provide an additional merit increase if and as needed in June 2025 to maintain alignment with average City Manager salaries.

In addition, the wellness benefit will be enhanced to \$4,800 per year (or \$400 per month) effective January 1, 2023, the contract will be converted from an open-ended contract (with no specified term) to a term contract ending on January 3, 2028, and the City Manager will be authorized to explore housing loan options with the City's Finance Department, tax advisor and City Attorney. Council can review and make a policy decision regarding a possible housing loan in future years.

BACKGROUND

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

As established by ordinance and provided in the City Manager's Employment Agreement as previously amended, the City Manager's current salary is \$23,062.50 per month, or \$276,750 annually.

The Employment Agreement currently provides that "the City Manager shall receive cost of living increases in salary, in accordance with the cost-of-living increases subsequently provided to other Executive Management employees of the City pursuant to the City's Compensation Plan for Executive Management employees". Additionally, "upon completion of each annual performance evaluation as set forth in section 6, the City Council shall consider whether to provide a merit increase in the City Manager's salary, subject to the maximum salary range established for the City Manager classification. Whether to provide a merit increase, and the amount of any such increase, shall be in the exclusive discretion of the City Council".

On July 2, 2023, the City Manager will be eligible for an additional 2.5% cost of living adjustment to keep parity with the wage adjustments provided to Executive Management but will still be below the market average.

A recent review of comparable classifications indicates that the City Manager continues to be compensated under market and is currently 16% below the average of the comparable market. The current average salary for the City Manager classification at comparable agencies is \$321,065 and is expected to increase in the coming year.

The Council has requested that City staff provide options which will retain the City Manager and reward her performance, while bringing her to the average of the current market over the next two years.

In addition to the salary adjustments recommended above, it is proposed that the City Manager be provided an enriched wellness benefit of \$4,800 annually (or \$400 per month) effective January 1, 2023, to improve and enhance her mental and physical wellbeing, in support of her overall health. Previously this benefit was \$500 per year as provided to other Executive Management employees.

Finally, two additional elements, not tied to compensation. First, the contract, which currently is an open-ended contract with no specified term (continuing until terminated by one or both parties in accordance with its provisions), will be converted to a term contract, to continue for an additional five years to the City Manager's anniversary date of January 3, 2028. Second, the City Manager will be authorized to explore a housing loan option with the Finance Department, a tax advisor, and City Attorney's Office, with any resulting loan proposal to be considered by the Council for decision in future years.

PRIOR CITY COUNCIL REVIEW

On December 7, 2021, City Council, by resolution RES-2021-221, appointed Maraskeshia Smith 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 December 14, 2021, City Council adopted Ordinance ORD-2021-017 Establishing Salary and Other Compensation and Benefits for the City Manager, setting the City Manager's salary at \$22,500 per month, and \$270,000 annually.

On November 9, 2021, the Council approved resolution RES-2021-193, a three-year contract, covering Wages, Hours and Other Terms and Conditions of Employment Agreement for Executive Management. This agreement provided a 2.5% cost of living salary adjustment effective April 1, 2022 and an additional 2.5% cost of living salary adjustment effective July 1, 2023.

On March 29, 2022, the City Council approved Amendment No. 1 to the Employment Agreement by resolution providing, a 2.5% cost of living adjustment in the City Manager's salary to \$23,062.50 per month, or \$276,750 annually, effective April 1, 2022.

ANALYSIS

After a successful performance review and in recognition of her contributions to the City, it is recommended that the City Council approve Amendment No.2 to the Employment Agreement of the City Manager, providing a merit salary increase of 16% over the next two years, to bring the City Manager to the average of the market, a cost of living increase of 2.5% in accordance with previously approved provisions, an enhanced wellness benefit, the conversion from an open-ended contract to a term contract ending in 2028, and an express opportunity to explore options for a housing loan, all in recognition and appreciation of the City Manager's performance.

The attached resolution includes authorization for all of the new contract provisions. The attached ordinance includes just the revisions to salary and benefits, as is required by Section 36 of the City Charter (compensation of City officers appointed by Council to be fixed by ordinance).

FISCAL IMPACT

The salary and benefit cost increase will be paid for with existing FY 2022-23 and 2023-24 appropriations.

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 Guidelines Section 15378.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

Not applicable.

ATTACHMENTS

- Attachment 1 – Redline of Changes to Employment Agreement
- Resolution/Exhibit A – Amendment No. 2 to Employment Agreement
- Ordinance

PRESENTER

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