



City of San Leandro

Meeting Date: April 6, 2015

Staff Report

File Number: 15-172

Agenda Section: CONSENT CALENDAR

Agenda Number: 8.E.

TO: City Council

FROM: Chris Zapata
City Manager

BY: LaTanya Bellow
Human Resources Manager

FINANCE REVIEW: David Baum
Finance Director

TITLE: Staff Report for Resolution Amending the City Manager Salary Schedule

SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council adopt a resolution to amend the salary schedule for the City Manager.

BACKGROUND

On February 17, 2014, the City Council approved a new employment agreement with the City Manager, Chris Zapata.

In accordance with California Code of Regulations Section 570.5, a salary schedule is required in a format that identifies the position title, the pay rate, the effective date, and the range. The updated salary schedule must be duly approved and adopted by the City Council.

Fiscal Impacts

As approved on February 17, 2014, \$45,000 will be transferred from the General Fund economic uncertainty reserve to the 2014-15 Adopted Budget salary and benefit account #'s 010-12-020-4101, 4210, and 4240. There is no further fiscal impact associated with amending the City Manager salary schedule.

ATTACHMENT

- Employment agreement between the City of San Leandro and the City Manager

PREPARED BY: LaTanya Bellow, Human Resources Manager, City Manager's Office

CITY OF SAN LEANDRO

AGREEMENT FOR EMPLOYMENT OF CITY MANAGER

This Employment Agreement (“Agreement”) is dated for reference purposes only this 17th day of February, 2015, by the City of San Leandro (“City”), a charter city formed under the laws of the State of California, and Chris Zapata (“Manager”).

RECITALS

WHEREAS, the City desires to continue to employ, as an “at will” employee, Mr. Chris Zapata, as City Manager for the City of San Leandro in accordance with applicable provisions of the City of San Leandro Charter, the City of San Leandro Municipal Code, and the terms of this Agreement; and

WHEREAS, Manager desires to be employed as the at-will City Manager for the City in accordance with applicable provisions of the City Charter, the Municipal Code, and the terms of this Agreement; and

WHEREAS, it is the desire of the City Council to provide certain compensation and benefits, and establish certain conditions of employment for the position of City Manager through this Agreement.

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

TERMS

1. Appointment of City Manager

Pursuant to an agreement executed January 17, 2012, Mr. Zapata’s appointment to the position of City Manager for the City of San Leandro went into effect January 30, 2012. On January 20, 2015, the City Council approved an extension to the term of the agreement to July 30, 2015. On February 17, 2015, the City Council approved a new Agreement for Employment of City Manager, to be effective January 30, 2015. By execution of this Agreement, Manager accepts such appointment under the terms and conditions provided herein.

2. Term of Agreement

This Agreement is effective January 30, 2015. This Agreement will expire on January 30, 2020, unless extended or terminated as provided herein. The parties to this Agreement may terminate this Agreement pursuant to the provisions of Section 6.

3. At-Will Employment

Manager is an “at-will” employee who shall serve at the pleasure of the City Council. The City Council may terminate Manager’s employment under this Agreement, at any time, with or without cause. This provision may not be altered except by a written instrument executed by Manager, and formally approved by the City Council, which specifically references this Agreement and this Section.

4. Duties and Responsibilities

a. Manager shall serve as the City Manager of the City in accordance with the powers, duties, and responsibilities set forth in the City of San Leandro Charter, the Municipal Code, and California law. Manager shall perform the functions and execute the duties specified by the laws of the State of California; the City’s Charter; the City’s Municipal Code; the City’s Ordinances and Resolutions; and such other functions and duties as the City Council may from time to time assign.

b. Manager agrees to devote his productive time, ability, and attention to the City’s business. For the duration of this Agreement, Manager shall not hold secondary employment, and shall be employed exclusively by the City, subject to any exceptions approved in writing by the City Council.

c. Manager shall be responsible to the City Council for the proper administration of all affairs of the City. Manager shall administer and enforce policies established by the City Council, and promulgate rules and regulations as necessary to implement City Council policies.

5. Hours of Work

Manager shall be an exempt employee under FLSA and shall not receive overtime or extra compensation for work performed outside of normal City business/office hours. Manager is appointed to manage the City’s business with twenty-four hour and seven days a week responsibility and is expected to devote necessary time outside normal office hours to the business of the City. Thus, Manager’s schedule of work each day and week may vary in response to the requirements of the work to be performed. However, Manager is expected to spend sufficient hours at San Leandro City Hall to perform his duties. City shall provide Manager, at City’s cost and expense and Manager’s sole discretion to use or accept, any and all equipment, communication devices including a smartphone and tablet, a vehicle including but not limited to gasoline and insurance with coverages recommended by the City’s Finance Director, and other implements reasonably necessary for Manager to carry out his duties in accordance with this Section.

6. Termination of Employment and Severance

a. Manager may terminate this Agreement and his employment with the City with or without cause, by giving the City one hundred eighty (180) days written notice in advance of termination. During the notice period, all of the rights and obligations of the parties to this Agreement shall remain in full force and effect.

b. The City Council may terminate this Agreement and Manager's employment with the City with or without cause at any time. For purposes of this Agreement, the phrases "for cause" or "with cause" relate only to Manager's potential entitlement to severance, and do not alter his at-will employment status. Pursuant to California Government Code section 53243.2, regardless of the term of this Agreement, if this Agreement is terminated, any cash settlement related to the termination that Manager may receive from City shall be fully reimbursed to the City if Manager is convicted of a crime involving an abuse of his or her office or position.

c. In the event City terminates Manager's employment without cause, the Manager shall be entitled to severance pay of a lump sum payment equal to six (6) months of Annual Base Salary and benefits, as described in Section 7 of this Agreement. Said payment of severance pay shall be conditioned upon Manager signing a waiver and release agreement forever releasing and waiving any and all claims in a form acceptable to the City. Manager shall receive the severance payment in a lump sum payment minus all applicable deductions fifteen (15) business days after execution of the waiver and release agreement. Manager shall not receive any severance payments if such a waiver and release agreement is not executed by the parties.

d. Manager shall receive payment for all accrued unused vacation at the time of his separation from employment.

e. If Manager is terminated "for cause," the City shall not owe any severance under this Agreement. The determination about whether Manager is terminated "for cause" shall be made in the complete discretion of the City. A termination "for cause" may include, but shall not be limited to, the following:

- (i) Violation of administrative policies and procedures;
- (ii) Failure to properly perform assigned duties;
- (iii) Theft of City property;
- (iv) Insubordination;
- (v) Conviction of a felony;
- (vi) Conviction of a misdemeanor relating to Manager's fitness to perform assigned duties;
- (vii) Conviction of a crime involving an abuse of office or position, as defined in California Government Code section 53243.4;
- (viii) Unauthorized absence from employment;
- (ix) Improper use of City funds;
- (x) Unauthorized use of City property;

- (xi) Willful misconduct or malfeasance;
- (xii) Any act of moral turpitude or dishonesty; and
- (xiii) Other failure of good behavior either during or outside of employment such that the Manager's conduct causes discredit to the City.

f. Removal of Manager by the City shall be effected only by a majority vote of the whole City Council as constituted and convened in a regular City Council meeting. However, pursuant to section 400 of the City Charter, Manager shall not be removed from the position of City Manager without cause during or within a period of ninety (90) days succeeding any regular or special municipal election held in the City at which election a member of the City Council is elected; the purpose of this provision is to allow any newly elected member of the City Council or a reorganized City Council to observe the actions and ability of Manager in the performance of the powers and duties as City Manager.

7. Compensation and Benefits

a. The City Council acknowledges that on January 30, 2012, the effective date of the City's first agreement with Manager, the City Council and Manager agreed that Manager's annual base salary ("Annual Base Salary") would be two hundred twenty-three thousand dollars and no cents (\$223,000.00). The parties agree that effective January 30, 2015, Manager's Annual Base Salary of \$223,000.00, which has remained unchanged since January 30, 2012, shall be adjusted automatically and every year thereafter during the term of this Agreement by the Consolidated Metropolitan Statistical Area (CMSA) Consumer Price Index covering San Francisco, Oakland, and San Jose (commonly known and referred to as the "CPI"). However, if the CPI for a particular year is a negative number, then Manager's Annual Base Salary shall remain equal to the then current adjusted Annual Base Salary for the immediately preceding year. The City Council shall review and evaluate Manager's performance through the term of this Agreement pursuant to the provisions of Section 13. The City Council may consider adjusting Manager's Annual Base Salary every year, but no less than the annual adjustment attributable to the CPI described herein, subject to a performance evaluation.

(i) As approved by the City Council on November 19, 2012, and effective January 1, 2013 to December 31, 2017, the City Council acknowledges that Manager voluntarily contributes twenty thousand dollars (\$20,000.00) per year (at \$10,000.00 each) of his Annual Base Salary of \$223,000.00 towards the salaries of the Police Chief and the Assistant City Manager, respectively. The Manager's voluntary contribution creates for him an effective base salary of \$203,000.00 (the Manager's "Effective Base Salary").

The City Council hereby agrees that Manager is entitled to the return – on a pro rata basis – of voluntary contribution made towards the annual base salaries of the Police Chief and the Assistant City Manager, respectively, if the employment of either or both persons as the Police Chief and Assistant City Manager terminates before the end of the terms of their respective employment agreements. In such an instance, the pro rata return of Annual Base Salary shall be paid back to Manager through his regular salary distribution.

Manager's voluntary commitment to contribute \$20,000 of his Annual Base Salary towards the salaries of the Police Chief and the Assistant City Manager shall automatically terminate on December 31, 2017, which coincides with the expiration of the terms of the Police Chief and Assistant City Manager's respective employment agreements. Effective January 1, 2018, Manager's Annual Base Salary shall be equal to the previous year's Annual Base Salary multiplied by the CPI, as provided in Section 7.a. For reference purposes only, and assuming that the Police Chief and the Assistant City Manager continue as employees of the City until the expiration of their employment agreements, the parties provide the following calculation as an example of how Manager's Effective Base Salary will phase out and into the Annual Base Salary identified in Section 7.a.:

Year 1: Annual Base Salary of \$223,000.00 (x) CPI = 2015-2016 Annual Base Salary
 Less: (\$20,000 voluntary contribution)
 = 2015-2016 Effective Base Salary

Year 2: 2015-2016 Annual Base Salary (x) CPI = 2016-2017 Annual Base Salary
 Less: (\$20,000 voluntary contribution)
 = 2016-2017 Effective Base Salary

Year 3: 2016-2017 Annual Base Salary (x) CPI = 2017-2018 Annual Base Salary
 Less: (\$20,000 voluntary contribution)
 = 2017-2018 Effective Base Salary

(Commitment to make Voluntary Contribution terminates December 31, 2017)

Year 4: 2017-2018 Annual Base Salary (x) CPI = 2018-2019 Annual Base Salary

Year 5: 2018-2019 Annual Base Salary (x) CPI = 2019-2020 Annual Base Salary

(ii) By or on March 5, 2015, City shall pay Manager a one-time lump sum payment of twenty-two thousand three hundred dollars and zero cents (\$22,300.00) in recognition of the City Manager's performance during the term of this Agreement. If Manager's employment is terminated in accordance with Section 6 prior to the end of the five year term of this Agreement, with or without cause, Manager shall reimburse City the aforementioned lump sum payment on a pro-rata basis.

b. In addition to the compensation provided above, the City agrees to provide the following to Manager in consideration for the services provided pursuant to this Agreement:

(i) Except as otherwise provided for in this Agreement, the City shall provide Manager the same benefits as provided to management employees and as those may be amended from time to time. Benefits for Manager include, but are not limited to, twenty-five (25) days of annual vacation leave (16.66 hours per month, accruable up to a maximum of three years), twelve (12) days of annual sick leave, management incentive pay of 120 hours per calendar year paid equally at each pay period, holidays, health insurance, dental insurance, life insurance, management development allowance, and retirement benefits (including the credit for unused sick leave option) and payments, as more particularly set forth in this Agreement. Manager shall have the option of converting all or a portion of management incentive pay to time off. Accumulated vacation leave may be sold back to the City in January and July.

(ii) Manager shall be eligible for CalPERS retirement benefits upon the same terms as those benefits are provided for City employees covered by the Local Miscellaneous Members group classification for purposes of CalPERS. Effective January 30, 2015 until June 30, 2015, Manager agrees to voluntarily reimburse or otherwise make payment to the City in the total amount currently paid by the City as the employee share of CalPERS benefits (employer paid member contributions - EPMS) for employees covered by the Local Miscellaneous group classification. Effective July 1, 2015, Manager will pay the full 7% member contribution. Employer Paid Member Contribution will cease and will no longer be reported to CalPERS.

(iii) The City agrees to contribute one thousand five hundred dollars and zero cents (\$1,500.00) per month towards medical, dental and vision benefits for the term of this Agreement. Any remainder of the benefit after paying for medical, dental and vision benefits shall be taken by Manager as cash in lieu. The parties understand and agree that any portion of the benefit taken by Manager as cash is not considered to be "PERS-able compensation."

8. Reserved

9. General Business Expenses and Outside Professional Activities

a. The City agrees to budget and pay for professional dues and subscriptions reasonably necessary to ensure Manager's participation in such programs that enhance Manager's standing and the City's reputation, including national, regional, state, and local associations and organizations. These organizations will include, but are not limited to, the International City/County Management Association (ICMA) and the League of California Cities (LOCC).

b. The City agrees to budget and pay for reasonable travel and subsistence expenses of Manager for official travel and meetings, including but not limited to the ICMA Annual Conference and LOCC meetings and conferences.

c. City acknowledges the value of having Manager participate and be directly involved in local civic clubs and organizations on behalf of the City. Accordingly, the City shall budget and pay reasonable membership fees and dues to enable Manager to become an active member of local civic clubs and organizations.

d. Except as otherwise provided for in this Agreement, Manager is entitled to reimbursement for all sums necessarily and reasonably incurred and paid by him in the performance of his duties. Manager shall execute and submit an expense reimbursement form with appropriate supporting documentation to the City for any such claims, as required by the City's rules and policies.

10. Indemnification

The City shall defend, hold harmless and indemnify Manager against any tort, civil rights, personnel, discrimination, professional liability claim or demand or other legal action, whether groundless or otherwise, arising out of an alleged act or omission occurring in the performance of Manager's duties in accordance with the provisions of California Government Code section 825. The City shall provide a defense in accordance with California Government Code section 995. The City may decline to defend and/or indemnify Manager only as permitted by the California Government Code. The City may compromise and settle any such claim or suit and pay the amount of any settlement or judgment therefrom.

11. Notices

Notices pursuant to this Agreement shall be in writing and served by mail via the United States Postal Service, first class postage prepaid, addressed as follows"

- a. The City:
Mayor and City Council
City of San Leandro
Civic Center
835 East 14th Street
San Leandro, CA 94577

- b. Manager:
Mr. Chris Zapata
2139 Laura Avenue
San Leandro, CA 94577

Alternatively, notices required pursuant to this Agreement may be personally served in the same manner as is applicable to civil judicial process. Notice shall be deemed given as of the date of personal service or as of the date of mailing of such written notice, postage prepaid, with the United States Postal Service.

12. Bonding

The City shall bear the full cost of any fidelity or other bond required under any law or ordinance.

13. Performance Evaluations

The City Council shall review and evaluate the performance of Manager at least once every year. At the time of each evaluation, performance goals shall be discussed that will be used to assist in the evaluation of Manager's performance in the future. Manager will timely place on the City Council agenda each year or as otherwise directed by the City Council, a "closed session" for the purpose of the performance evaluation.

14. Miscellaneous

a. The text herein shall constitute the entire agreement between the parties. This Agreement supersedes all prior oral or written agreements or amendments thereto. This Agreement may not be modified, except by written agreement executed by both parties.

b. If any provisions, or any portion thereof, contained in this Agreement is held unconstitutional, invalid, or unenforceable, the remainder of this Agreement, or portion thereof, shall be deemed severable, shall not be affected, and shall remain in full force and effect.

c. This Agreement shall be governed by the laws of the State of California.

d. The parties agree that any ambiguity in this Agreement shall not be construed or interpreted against, or in favor of, either party.

e. This Agreement may be executed in counterparts containing original signatures.

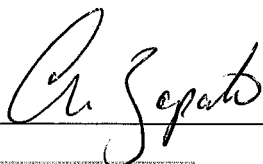
f. For reference purposes only, attached hereto is an all-inclusive annual compensation schedule coincident to the term of this Agreement.

IN WITNESS WHEREOF, the City has caused this Agreement to be signed and executed on its behalf by its Mayor and duly attested by its City Clerk, and Manager has signed and executed this Agreement, on the day and year written below.

[Signatures on Next Page]

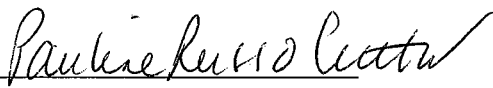
MANAGER

DATED: 2/26/15

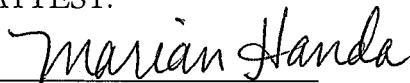

Chris Zapata, City Manager

CITY

DATED: 2/26/15


Pauline Russo Cutter, Mayor

ATTEST:


Marian Handa

Marian Handa, City Clerk

APPROVED AS TO FORM:


Richard D. Pio Roda

Richard D. Pio Roda, City Attorney

136.90010 / 2405069.1

Salary	\$203,000	\$203,000	\$203,000	\$213,000	\$223,000	\$130,083
MIP	11,848	12,122	12,387	13,235	14,088	8,383
Opt-Out	7,500	18,000	18,000	18,000	18,000	10,500
Medical	4,475	0	0	0	0	0
Bonus	22,300	0	0	0	0	0
CPI Increase	2,602	7,114	11,716	16,410	21,198	15,215
Addl PERS	6,723	2,063	3,632	5,415	7,419	5,629
PERS	54,810	58,870	62,930	70,290	78,050	48,131
EPMC	0	0	0	0	0	0
Total	\$313,259	\$301,169	\$311,665	\$336,351	\$361,756	\$217,941

New contract start date is 2/1/15 and end date is 1/30/20.

CPI for 2014 is 2.8%/year and projected to increase at 2% thereafter.

CM's voluntary \$20,000 annual commitment over 5 years ends 12/31/17

Opt-Out is City base payment to City Manager for all medical premiums, which he can use to cover medical, dental and vision.

EPMC is employer paid member contribution; CM will continue to pay his full share.

CM's effective salary beginning 2/1/15 is \$209,245; \$8,718.5 is gross salary per pay period.

MIP = Management Incentive Pay is 120 hours at the effective salary hourly rate, which would be added to the CM compensation.



City of San Leandro

Meeting Date: April 6, 2015

Resolution - Council

File Number: 15-173 **Agenda Section:** CONSENT CALENDAR

Agenda Number:

TO: City Council

FROM: Chris Zapata
City Manager

BY: LaTanya Bellow
Human Resources Manager

FINANCE REVIEW: David Baum
Finance Director

TITLE: RESOLUTION Amending the City Manager Salary Schedule

WHEREAS, the City Council approved the City Manager's employment agreement on February 17, 2015; and

WHEREAS, the City Council approved the employment agreement for the period January 30, 2015 through January 30, 2020.

NOW, THEREFORE, the City Council of the City of San Leandro does RESOLVE as follows:

That the City Manager salary schedule is hereby amended according to the approved employment agreement, which is attached hereto and made a part hereof.

CITY OF SAN LEANDRO
City Manager Classification
Effective 1/30/2015

CLASSIFICATION	<i>Monthly</i>
City Manager	\$ 17,437.08