

REPORT TO CITY COUNCIL

DATE: MAY 10, 2006

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: CRAIG STEELE, CITY ATTORNEY

SUBJECT: AMENDMENT TO CITY MANAGER'S EMPLOYMENT AGREEMENT

In closed session on April 26, 2006, the City Council completed its regularly scheduled review of the City Manager's job performance. As a result of that review, the City Council unanimously directed staff to prepare an amendment to the City Manager's employment agreement for consideration in open session. Amendment No. 2, attached to this memorandum for the Council's consideration, would make the following changes to the City Manager's employment agreement:

1. Establish monthly base salary at \$12,916.66 effective May 1, 2006.
2. Increase the amount of severance benefit payable to the City Manager in the event of a termination of the contract without cause or requested resignation from six months to 12 months. No severance is due in the event of a resignation at the employee's discretion, retirement, or termination for cause.

In addition, the City Council directed staff to prepare for consideration in open session the award of a 5% performance bonus to the City Manager for 2005-06 pursuant to the existing terms of his employment agreement.

This amendment was prepared by my office and is approved as to form.

RECOMMENDATION

If the City Council concurs with these recommendations, the appropriate action would be a motion to approve Amendment No. 2 to the City Manager's employment agreement, authorize the Mayor to execute the Amendment, and approve the payment of a 5% performance bonus based on 2005 salary.