



CITY COUNCIL AGENDA REPORT



DEPARTMENT: City Attorney

MEETING DATE: November 15, 2016

PREPARED BY: Craig Steele, City Attorney

AGENDA LOCATION: AR-1

TITLE: Amendment No. 2 to the Employment Contract for the City Manager

OBJECTIVE: To approve an amendment to the employment agreement for Oliver Chi, effective December 1, 2016, to increase his salary by 5% and to increase the amount of his severance payment from six (6) months' salary and benefits to nine (9) months' salary and benefits in the event that the City terminates the agreement without cause.

BACKGROUND: The City Council has completed its annual evaluation of Oliver Chi's performance as City Manager. At the conclusion of the evaluation, the City Council directed the City Attorney to prepare a possible compensation adjustment and contract amendment for consideration and discussion in open session. Mr. Chi has informed me that he agrees to the terms of the proposed amendment, subject to the approval of the City Council.

ANALYSIS: The attached Amendment No. 2 to the Employment Contract for City Manager makes two substantive changes to the employment agreement.

1. Mr. Chi's annual salary will increase by 5% from 199,875 to \$209,868.75. Mr. Chi's salary is subject to adjustment once each year following the annual performance evaluation, with the amount of any such adjustment subject to negotiation and capped at 5% annually.
2. In the event that the City chooses to terminate Mr. Chi's contract without cause, Mr. Chi's severance pay will be nine (9) months' salary and benefits rather than six (6) months' salary and benefits.

The 5% annual salary increase places Mr. Chi's salary closer to, but still below, the average salary for City Managers in cities located along the I-210 Corridor according to an informal survey conducted by staff (shown below). In addition, even with the proposed salary adjustment, Mr. Chi's salary would remain the lowest of the cities surveyed. It should be noted that the survey average is skewed, to an extent, by the salary of the Pasadena City Manager, which is significantly above the average.

AR-1

Survey of I-210 Corridor SGV Cities
City Manager Salaries

City	City Manager Monthly Salary
Pasadena	\$ 24,377.00
Arcadia	\$ 18,518.92
Duarte	\$ 18,338.67
Glendora	\$ 18,301.81
La Verne	\$ 17,987.00
San Dimas	\$ 17,977.00
Claremont	\$ 17,935.00
Azusa	\$ 17,641.67
AVERAGE	\$ 18,884.63

Monrovia City Manager Salary Review

Current Monthly Salary	\$ 16,656.25
Salary w/ 5% Increase	\$ 17,489.06

FISCAL IMPACT: The annualized costs of salary and benefits for this position are covered in the existing budget. The salary adjustment is 5% above Mr. Chi's existing salary. The severance payment is owed only in the event that the City Council terminates the contract without cause at a future date. Therefore, the change in the amount of the severance payment has no impact on the existing budget.

OPTIONS: The Council's options are to approve the amendment as presented and agreed to by Mr. Chi, or to reject the amendment and provide further direction to the City Attorney.

RECOMMENDATION: The City Attorney recommends that the City Council approve Amendment No. 2 to the Employment Contract between the City of Monrovia and Oliver Chi.

COUNCIL ACTION REQUIRED: If the City Council concurs, the appropriate action would be a motion to approve Amendment No. 2 to the Employment Contract between the City of Monrovia and Oliver Chi in the form attached to this staff report and authorize the Mayor to execute it.

CITY OF MONROVIA
AMENDMENT NO. 2 TO THE EMPLOYMENT CONTRACT FOR CITY MANAGER

The City of Monrovia, as represented by its City Council, hereinafter referred to as Employer, and Oliver Chi, hereinafter referred to as Employee, in consideration of the mutual promises made herein, agree to amend that certain employment agreement between the parties dated October 13, 2014, as amended (the "Agreement"), as follows (words added are shown in underline, words deleted are shown in ~~strikethrough~~) to be effective December 1, 2016:

1. Article 3 is amended as follows:

ARTICLE 3. COMPENSATION OF EMPLOYEE

Section 3.01. Compensation. (a) As compensation for the services to be performed hereunder, Employee shall receive a salary of ~~sixteen thousand, six hundred fifty six dollars and twenty five cents (\$16,656.25)~~ seventeen thousand, four hundred eighty-nine dollars and six cents (\$17,489.06) per month. Such compensation is, and shall remain, in effect as of the effective date of this amendment no. ~~42~~, and shall be paid to Employee at the same times and in the same manner as payments are made to other City management employees, subject to normal payroll deductions as directed by Employee.

(b) Except as limited in Section 3.01(c), said compensation may be adjusted, by resolution of the City Council and without further amending this agreement, not more than once annually, effective the first pay period after the annual Performance Evaluation is completed and the compensation adjustment is approved beginning in 2015 and in each subsequent year in an amount subject to negotiation between Employer and Employee. An annual compensation adjustment is not required by this Agreement and in no event shall any annual adjustment in compensation exceed 5% of Employee's base annual salary for the immediately previous year.

2. Portions of Article 6 are amended as follows:

ARTICLE 6. TERMINATION OF EMPLOYMENT

Section 6.02. Termination Without Cause. (a) This agreement shall be terminated upon the death of the Employee, or at the expiration of its term.

(b) Employer, in its absolute discretion, may terminate this contract without cause by providing at least thirty (30) days prior written notice of termination to the Employee. If the Employer terminates this agreement for a reason other than that described in Section 6.01 or 6.02 (a), it shall pay Employee a lump sum amount equal to ~~six (6)~~ nine (9) months' salary and benefits at the then-current rate of compensation. Notwithstanding the foregoing, Employer shall not terminate this agreement without cause during or within the 120-day period immediately following any regular municipal election at which a member of the City Council is elected, or the date on which a new member of the City Council is appointed or declared elected pursuant to applicable State law.

Except as specifically amended herein, all other provisions of the Agreement shall remain in full force and effect.

Executed on November 15, 2016 at Monrovia, California.

CITY OF MONROVIA (“EMPLOYER”)

BY _____
Tom Adams, Mayor
City of Monrovia

ATTEST

BY _____
Alice Atkins, CMC, City Clerk
City of Monrovia

Oliver Chi (“EMPLOYEE”)

BY _____
Oliver Chi

APPROVED AS TO FORM

BY _____
Craig A. Steele
City Attorney