

CITY OF YUBA CITY
STAFF REPORT

Date: November 6, 2007
To: Honorable Mayor & Members of the City Council
From: Administration
Presentation By: Steven R. Jepsen, City Manager

Summary

Subject: City Manager's Employment Agreement for 2007 through 2012
Recommendation: Authorize the Mayor to sign the Agreement providing for the City Manager's employment from November 1, 2007 through November 1, 2012.
Fiscal Impact: Approval of the 5 year Employment Agreement with Mr. Jepsen providing for salary adjustments and compensation through 2012 and providing for an auto allowance of \$400/month.

Background:

Mr. Jepsen was hired as Yuba City's City Manager on May 30, 2006 with a two year contract extending to May 30, 2008. That contract provided for a base compensation package of \$180,000 per year plus 2% deferred compensation to be adjusted based on an annual evaluation and review. That contract provided for an annual renewal of the two year agreement. The City Council reviewed the City Manager's performance in Closed Session and an ad hoc committee composed of Mayor Miller and Vice Mayor Ramirez negotiated the proposed revised agreement with the City Manager subject to agreement revision and approval by the City Council in open session on November 6, 2007.

Analysis:

The revised Agreement is for a 5 year period extending from November 1, 2007 through November 1, 2012. The terms of the Agreement provides for:

Existing contract:	\$180,000 per year 2% deferred compensation
Year 1:	Cost of living adjustment – 3.4% Merit increase – 3.7% Auto Allowance – \$400 per month
Year 2:	Cost of living adjustment – 3.0% est. Merit increase – 2.5% Auto Allowance - \$400 per month
Years 3-5:	Cost of living adjustment – 3.0% est. Deferred compensation increase – 2.5% per year Auto Allowance - \$400 per month

The contract includes the same benefits provided to all other City Executive Employees as provided in attached Table 1 for each year of the contract.

The deferred compensation increases in Years 3 through 5 would add 2.5% per year to the existing contract amount of 2.0%. The deferred compensation percentage for Year 3 is 4.5%, Year 4 is 7.0%, and Year 5 would be 9.5% of the new base income.

The Agreement also provides for a termination clause limiting the City's obligation to six months severance in the event of dismissal. If Mr. Jepsen leaves the City for any other reason, he is entitled to no additional compensation.

Fiscal Analysis:

The added annual cost for the Agreement is provided in attached Table 1, "Add'l Cost," in relationship to the annual revised base salary. The added cost for Year 1 is \$17,836. The cost estimates for Years 2 through 5 of the contract are based on an estimated CPI of 3.0%. The annual added cost of the contract for Years 2 through 5 will vary with actual CPI.

Recommendation:

Authorize the Mayor to sign the Agreement providing for the City Manager's employment from November 1, 2007 through November 1, 2012.

Attachments: Agreement
Table 1

Submitted By:



Steven R. Jepsen
City Manager

Reviewed By:

Approved via email

Timothy P. Hayes
City Attorney

**ATTACHMENT
TABLE 1**

TABLE 1						
Value of Salary Adjustments for 5 Year Contract						
	Salary			Def Comp	Auto	Add'l Cost
Year	Base	Merit	COLA	%/Value		
Base	\$180,000	-	-	2.0%/ \$3,600	-	-
Year 1	\$192,780	3.7%	3.4%	2.0%/ \$3,856	\$4,800	\$17,836
Year 2	\$203,383	2.5%	3.0%*	2.0%/ \$4,068	\$4,800	\$10,815
Year 3	\$209,484	-	3.0%*	2.0%/ \$9,427	\$4,800	\$11,460
Year 4	\$215,769	-	3.0%*	7.0%/ \$15,104	\$4,800	\$11,962
Year 5	\$222,242	-	3.0%*	9.5%/ \$21,113	\$4,800	\$12,492

Table 1 note:

* All values after Year 2 based on an estimate of 3.0% CPI, actual value to be based on adjusted CPI for each year of the contract.