



DATE: June 19, 2018

TO: Mayor and City Council

FROM: Director of Human Resources

SUBJECT: Adoption of a Resolution Approving an Extension and Modification to Employment Agreement with the City Manager and Authorizing the Mayor to Execute the Agreement

RECOMMENDATION

That the City Council adopts the attached Resolution (Attachment II) authorizing an extension and modification to the employment agreement between the City of Hayward and the City Manager, Kelly McAdoo, and authorizing the Mayor to execute the agreement on behalf of the City Council.

SUMMARY

If the attached Resolution is approved, the employment agreement between the City of Hayward and the City Manager will be extended to November 30, 2018 to allow for completion of negotiations for a five-year contract. As part of this initial contract extension effective July 1, 2018, the City Manager will be reimbursed for relocation expenses of up to twelve thousand dollars (\$12,000) that were incurred when she moved to the City of Hayward as requested by the Council. Additional terms of the new five-year agreement are currently being negotiated and a request for approval to modify the agreement and incorporate any revised terms will be presented to Council at a meeting later this fall.

BACKGROUND AND DISCUSSION

The current employment agreement with the City Manager expires on June 30, 2018. Each year, the Council reviews the performance of the City Manager. In 2017, the Council implemented a more comprehensive evaluation process to include 360-degree feedback, and provided goals for each Council Appointed Officer consistent with the Council Priorities that would be the baseline for the 2018 performance evaluation discussions. The Council had performance discussions with the City Manager beginning in April. The discussions focused on whether or not the City Manager met the established goals, her performance over the last year, and how well she advanced the Council priorities.

Based on the outcome of the performance evaluation and the Council's determination that the City Manager met and/or exceeded the Council's expectations and goals, the Council has expressed a desire to extend the term of employment with the City Manager. The Council also recognizes that having a multi-year contract with the City Manager is in the best interest of the City of Hayward, its employees, and the community because stability in leadership allows for long-term planning and enhanced ability to implement strategies. Moreover, accepting a multi-year agreement demonstrates the City Manager's commitment to the City of Hayward, its employees, and the community, which fosters essential relationships with internal and external customers and stakeholders. The proposed agreement is for an extension to November 30, 2018, to allow for completion of negotiations for a five-year contract.

The Council and the City Manager are currently negotiating additional contract terms including salary and benefits for the extended agreement. The City Council has consistently maintained that all employees should be compensated in an equitable manner and that they should contribute toward the cost of their benefits in order to preserve the quality and level of the benefits provided, address the City's structural deficit, provide long-term financial stability, and maintain services to the Hayward taxpayers and community. Currently, the City Manager contributes an additional 5% toward the City's share of PERS retirement costs (for a total of 13% employee paid contributions) and pays 20% towards medical insurance premiums. A salary survey completed in March 2018 demonstrates that the City Manager is more than 15% below mid-market when compared to other survey jurisdictions. In determining compensation for the contract period, the Council will factor in performance, the salary survey, and the City's fiscal sustainability. It is anticipated that revised contract terms will be completed no later than the end of the calendar year (2018).

In 2017, as part of the employment agreement with the City Manager, the Council requested that Ms. McAdoo relocate to the City of Hayward. Although not legally required to do so, Ms. McAdoo recognizes the benefits to the community when employees live in Hayward and purchased her home within three months of signing the employment agreement. As a result of moving to Hayward as soon as possible, Ms. McAdoo incurred expenses in excess of \$15,000, most of which was related to her inability to terminate her lease agreement, which would have delayed her move to Hayward by nearly a year. Ms. McAdoo was extremely fiscally responsible and offset the expenses by attempting to sublet and renting her apartment for brief periods over the last year. The Council agrees that not delaying the move for up to one year was in the best interest of the City and has seen the positive benefit of having the City Manager live in Hayward. Consistent with what has been done for other executives and for City Managers in our survey agencies, the Council has approved reimbursement of \$12,000 to offset some of the extra expenses Ms. McAdoo incurred when she relocated to Hayward.

FISCAL IMPACT

The impact to the General Fund associated with this report is \$12,000, which will be absorbed in the current adopted budget for FY 2019.

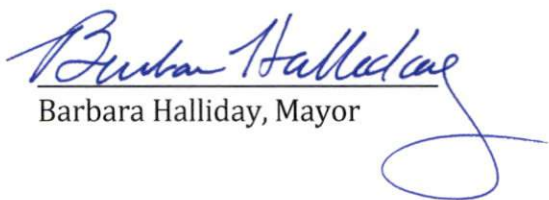
NEXT STEPS

Human Resources staff will work with the City Attorney's office to execute the employment agreement.

The Council and the City Manager will negotiate additional terms for consideration at a future meeting in 2018.

Prepared and Recommended by: Nina S. Collins, Director of Human Resources

Approved by:


Barbara Halliday, Mayor