



City of Woodland

REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: December 1, 2009

SUBJECT: First Amendment to City Manager Employment Agreement

Report in Brief

One of the key strategies associated with expenditure reductions of nearly \$7 million in the General Fund was the implementation of furloughs for all Woodland employees. All City employee bargaining units reached agreement on the implementation of furloughs through the negotiation process and this condition was incorporated into updated Memoranda of Understanding. However, the implementation of furloughs for the City Manager requires a minor modification of the employment agreement. This modification has been incorporated into the attached document and prepared for the Council's consideration.

Staff recommends that the City Council approve the First Amendment to the City Manager's Employment Agreement which will allow the implementation of furloughs in a manner that is consistent with all other City employees.

Background

The FY 2010 budget and the updated 10-year Financial Plan for the General Fund requires the implementation of furloughs in order to avoid further reductions of employees and service levels. Furloughs that essentially reduced work hours and salaries by approximately 4.6% along with the freezing of health insurance premiums at 2009 levels were key strategies that achieved reductions of approximately \$800,000. These savings were part of a plan that included retirement incentives, deletion of vacant positions and modification of service levels that generated \$7 million in General Fund expenditure reductions necessary to balance the FY 2010 budget and make progress to addressing Woodland's structural fiscal imbalance.

Implementation of the furloughs was achieved through the negotiation process with each of Woodland's employee bargaining units. The bargaining units understood the need to agree to compensation reductions in response to the current economic conditions. Therefore, each unit agreed to a minimum of one year of furloughs that essentially amounted to the loss of 12 days of paid time.

This condition was incorporated into Memoranda of Understanding that were approved by the bargaining units in August and approved by the City Council on September 1, 2009. If this condition had not been accepted by the bargaining units, approximately 13 employees would have been involuntarily discharged through layoffs.

The salary reduction associated with the furloughs was implemented effective July 1 for most employees, including the City Manager and the Department Heads. After closely reviewing the City Manager's employment agreement, it was determined that a minor modification was necessary to formally provide a condition that allows furloughs to be applied to the City Manager. This condition has been included in the attached First Amendment to the City Manager's Employment Agreement which is included as an attachment to this report.

Discussion

The First Amendment to the City Manager's Employment Agreement adds Subsection (E) that summarizes the implementation of furloughs which is consistent with most of the other City bargaining units. Specifically, the Amendment will require 96 hours of unpaid furlough that will be held in a "bank" separate from vacation and other leave time. The furlough days are listed which is consistent with most of the other bargaining units. Finally, the use of any furlough time in lieu of sick leave or vacation must be tracked in accordance with City policies. The Amendment is retroactive to July 1, 2009.

Fiscal Impact

Approval of the Amendment will reduce City costs by approximately \$8,500.

Public Contact

Posting of the City Council agenda.

Recommendation for Action

Staff recommends that the City Council approve the First Amendment to the City Manager's Employment Agreement which will allow the implementation of furloughs in a manner that is consistent with all other City employees.

Mark G. Deven
City Manager

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

THIS FIRST AMENDMENT TO EMPLOYMENT AGREEMENT (“First Amendment”) is entered into this ____ day of December, 2009, by and between the City of Woodland, a California municipal corporation (“Employer” or “City”), and Mark G. Deven, an individual (“Employee”), on the terms and conditions set forth below:

RECITALS

- A. Employer and Employee have previously entered into an employment agreement (the “Agreement”) dated June 5, 2007 under which the Employee is employed as Employer’s City Manager.
- B. In light of the current economic climate, Employer has been forced to reduce to its budget and otherwise conserve its fiscal resources.
- C. Section 3(D) of the Agreement prohibits Employer from reducing Employee’s base salary, compensation or financial benefits during the term of the Agreement, unless as part of a general management salary reduction.
- D. In the event of a general salary reduction, Section 3(D) requires that the reduction to Employee’s salary be no greater percentage than the average reduction of all City’s management employees.
- E. All other City management employees have agreed to an unpaid furlough of ninety-six (96) hours in the 2009/10 fiscal year.
- F. Employer and Employee wish to include Employee in the City’s furlough program.
- G. Section 19(A) of the Agreement requires that any amendments or modifications to the Agreement be made by mutual written agreement.
- H. Employer and Employee wish to modify the Agreement as provided below, retroactive to July 1, 2009.

1. COMPENSATION.

Subsection (E) is added to Section 3 of the Agreement to read in full as follows:

Notwithstanding anything to the contrary in this Section 3, Employee agrees to an unpaid furlough of 96 hours in fiscal year 2009/10 (July 1, 2009 – June 30, 2010). Hours will be deducted in equal amounts from each regular payment interval. Furlough time will be held in a bank separate from vacation or sick time. Employee having furlough time in his furlough bank will be allowed to use furlough time instead of sick time or vacation time. In addition Employer will designate days that Employer’s offices

will be closed. Notwithstanding Section 12, unless instructed to work, Employee will utilize furlough hours on those days. Presently, it is the Employer's intention to be closed on November 23, 24 and 25, 2009; December 21, 22, 23, 24, 28, 29 30 and 31, 2009; and May 28, 2010. For fiscal year 2009/10, Employee will receive four vacation hours in lieu of the ½ day Christmas Eve holiday.

When using furlough time in lieu of sick time or vacation, all furlough time use requests must be made in accordance with Employer's policies applicable to its management employees and will be subject to the restrictions on the type of leave. Employee shall be responsible for monitoring the amount of time in Employee's furlough bank. Proper use of furlough time is Employee's responsibility. The parties expect that Employee will use his furlough time by the end of the fiscal year; however, balances will be carried forward. If Employee works a designated furlough day, he will receive his regular pay, and will have to take another day as the replacement furlough day in accordance with Employer's policies applicable to its management employees. Furlough hours and usage will be prorated if Employee's employment is terminated before the end of the 2009/10 fiscal year with appropriate adjustments made to any severance payment made to Employee pursuant to Section 9.

2. AGREEMENT.

Employer and Employee agree and acknowledge that except as explicitly modified by this First Amendment, the Agreement remains in full force and effect, and that this First Amendment is intended to have retroactive effect and shall be deemed to have become effective on July 1, 2009.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this First Amendment effective on the day and year first written above.

EMPLOYER:

CITY OF WOODLAND

By: _____
Marlin H. Davies, Mayor

Date

EMPLOYEE:

Mark G. Deven

Date

APPROVED AS TO FORM

Andrew Morris, City Attorney
Best Best & Krieger LLP

Date