

**CITY OF CARMEL-BY-THE-SEA
CITY COUNCIL**

RESOLUTION NO. 2018-110

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA AUTHORIZING THE MAYOR TO EXECUTE A SECOND AMENDMENT TO THE CITY ADMINISTRATOR AT-WILL EMPLOYMENT AGREEMENT EFFECTIVE MARCH 1, 2018.

WHEREAS, City and Chip Rerig executed an Agreement effective February 2, 2016 to provide City Administrator services to the City;

WHEREAS, City and Chip Rerig executed a First Amendment to the employment Agreement effective August 8, 2018 to continue to provide City Administrator services to the City;

WHEREAS, the functions, duties and perogatives of the City Administrator are specified in the Carmel-by-the-Sea Municipal Code. The provisions of the City Municipal Code shall control should any conflict exist pertaining to either this Resolution or the Agreement that it authorizes; and

WHEREAS, the City Administrator shall continue to serve at the pleasure of the City Council; and

WHEREAS, this action does not constitute a "project" as defined by California Environmental Quality Act (CEQA) because it is an organizational or administrative activity that will not result in direct or indirect physical changes in the environment.

WHEREAS, the attached proposed second amendment is presented to the City Council for approval, establishing the terms and conditions for service as City Administrator, based on an evaluation that rated the City Administrator as "highly competent."

WHEREAS, on the basis of the annual performance evaluation, the City Council desires to amend the employment agreement to increase the City Administrator's deferred compensation to the maximum annual limit, add 40 hours of executive leave (one-time), increase base salary 3.5% as a merit-based salary adjustment, and extend the contract through 2023.

NOW THEREFORE, BE IT RESOLVED THAT THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA DOES HEREBY:

Authorize a Second Amendment to the Employment Agreement as follows:

1. Term

Administrator's employment will commence March 1, 2016, and shall continue until March 1, 2023, or the date of earlier termination in accordance with provisions in this Agreement. On March 1, 2018, and on every succeeding March 1st thereafter while this Agreement is in effect, and on the condition that Administrator receives positive performance reviews in the two preceding years, this Agreement shall be automatically extended for two (2) additional years unless prior to that date the City Council notifies Administrator of its intention not to extend the Agreement for two additional years. The City Council's election not to extend this Agreement shall not entitle Administrator to Severance pursuant to Section 6 of this Agreement.

2. Base Salary and Performance Evaluations.

Administrator's annual Base Salary shall be One Hundred Ninety-Six Thousand Six Hundred Fifty Dollars (\$196,650). Said amount shall be payable in the same manner on the same schedule as that of other City employees. Adjustments in Administrator's Base Salary may be effective at any time at the sole discretion of the City Council.

3. Benefits.

Deferred Compensation. City agrees to provide a Section 457 deferred compensation program which will be administered by CalPERS 457 or Nationwide (whichever Administrator chooses), and to pay the Internal Revenue Service Maximum Annual Contribution into such program for Administrator. In addition, the City hereby agrees to contribute the "Age 50" Catch-Up to the maximum annual contribution (\$6,000).

The parties acknowledge that Administrator's previous employer, the City of Monterey, offered a pension plan with a 2.7% at 55 formula, while the City of Carmel-by-the-Sea offers a pension plan with a 2.0% at 55 formula. The City's contributions to the Section 457 plan discussed in this Section are provided as compensation for this difference.

Executive Leave. In recognition of his prior service to the City, Administrator shall be deemed to have accrued 80 hours of Executive Leave on the date of commencement of employment. Thereafter, the City shall grant 80 hours of Executive Leave on July 1 of each year. One-time addition of 40 executive leave hours commencing on July 1, 2018 – June 30, 2019. Executive Leave shall not roll over from year to year. Executive Leave shall have no cash value and may not be cashed out during or at the end of Administrator's tenure with the City.

4. The Mayor is authorized and directed to execute a second amendment known as the Second Amendment to the City Administrator At-Will Employment Agreement (Exhibit A) to this Resolution.

5. This Resolution shall take effect immediately following passage and adoption by the Carmel-by-the-Sea City Council. And further be it resolved that:

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF CARMEL-BY-THE-SEA this 2nd day of October, by the following roll call vote:

AYES: COUNCILMEMBERS: RICHARDS, HARDY, REIMERS, THEIS, DALLAS

NOES: COUNCILMEMBERS: NONE

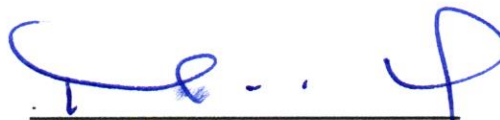
ABSENT: COUNCILMEMBERS:

ABSTAIN: COUNCILMEMBERS:

SIGNED:

ATTEST:


Steve G. Dallas, Mayor


Thomas A. Graves, MMC, City Clerk

**SECOND AMENDMENT TO THE CITY ADMINISTRATOR
AT-WILL EMPLOYMENT AGREEMENT**

This Amendment to the City Administrator At-Will Employment Agreement is entered into this 2ND day of October, 2018, by and between the City of Carmel-by-the-Sea (City) and Richard (Chip) Lyons Rerig, Jr. (“EMPLOYEE”).

RECITALS

WHEREAS, City and Chip Rerig executed an Agreement effective February 2, 2016 to provide City Administrator services to the City;

WHEREAS, City and Chip Rerig executed a First Amendment to the employment Agreement effective August 8, 2018 to continue to provide City Administrator services to the City;

WHEREAS, on the basis of the annual performance evaluation, the City Council desires to amend the employment agreement to increase the City Administrator’s deferred compensation to the maximum annual limit, add 40 hours of executive leave (one-time), increase base salary 3.5% as a merit-based salary adjustment, and extend the contract through 2023.

IT IS THEREFORE AGREED by the parties as follows:

The Employment Agreement is amended to read as follows:

4. Term

Administrator’s employment will commence March 1, 2016, and shall continue until March 1, 2023, or the date of earlier termination in accordance with provisions in this Agreement. On March 1, 2018, and on every succeeding March 1st thereafter while this Agreement is in effect, and on the condition that Administrator receives positive performance reviews in the two preceding years, this Agreement shall be automatically extended for two (2) additional years unless prior to that date the City Council notifies Administrator of its intention not to extend the Agreement for two additional years. The City Council’s election not to extend this Agreement shall not entitle Administrator to Severance pursuant to Section 6 of this Agreement.

7. Base Salary and Performance Evaluations.

A. Administrator’s annual Base Salary shall be One Hundred Ninety-Six Thousand Six Hundred Fifty Dollars (\$196,650). Said amount shall be payable in the same manner on the same schedule as that of other City employees. Adjustments in Administrator’s Base Salary may be effective at any time at the sole discretion of the City Council.

8. Benefits.

Deferred Compensation. City agrees to provide a Section 457 deferred compensation program which will be administered by CalPERS 457 or Nationwide (whichever Administrator chooses), and to pay the Internal Revenue Service Maximum Annual Contribution into such program for Administrator. In addition, the City hereby agrees to contribute the “Age 50” Catch-Up to the maximum annual contribution (\$6,000).

The parties acknowledge that Administrator's previous employer, the City of Monterey, offered a pension plan with a 2.7% at 55 formula, while the City of Carmel-by-the-Sea offers a pension plan with a 2.0% at 55 formula. The City's contributions to the Section 457 plan discussed in this Section are provided as compensation for this difference.

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CITY OF CARMEL-BY-THE-SEA:

By: _____
Steve Dallas, Mayor

Date: _____

CITY:

By: _____
Chip Rerig, City Administrator

Date: _____

ATTEST:

By: _____
Thomas Graves, City Clerk

Date: _____