

**City of Culver City, California
Agenda Item Report**

Meeting Date: 05/14/2012		Item Number: <u>A-1</u>	
CITY COUNCIL AGENDA ITEM: Approval of an Amendment to Exhibit "B" of the Employment Agreement of the City Manager Clarifying and Implementing the Residency Incentive.			
Contact Person/Dept.: Carol A. Schwab/ City Attorney		Phone Number: (310) 253-5660	
Fiscal Impact: Yes ☒ No ☒		General Fund: Yes ☐ No ☐	
Public Hearing: ☐		Action Item: ☒ Attachments: ☒	
Public Notification: Meetings and Agendas – City Council (05/10/12)			
Department Approval: Carol Schwab (05/10/12)		City Attorney Approval: Carol Schwab (05/10/12)	
Chief Financial Officer Approval: Jeff Muir (05/10/12)		City Manager Approval: N/A	
<u>RECOMMENDATION:</u> Staff recommends the City Council consider approval of an Amendment to the Executive Employment Agreement with the City Manager which clarifies and implements the residency incentive language, as set forth in Exhibit "B," thereto. <u>BACKGROUND:</u> During the City Council meeting held on July 12, 2010, the City Council considered and approved an Executive Employment Agreement which appointed John Nachbar as City Manager for the City of Culver City (Employment Agreement), and set forth the terms and conditions of his employment. As the City Council was interested in facilitating the City Manager's presence in the community and his participation in civic and community affairs, Section 5(D) of the Employment Agreement offered, as a residency incentive, a loan to assist him in obtaining a primary residence in Culver City. The language of Exhibit "B" to the Employment Agreement, providing for the loan, states that it is for the "purchase" of property. <u>DISCUSSION:</u> For the past year and a half, the City Manager, who currently resides in a rental property located in the City, has been actively searching for a Culver City home to purchase as his residence. In April 2011, as a result of what he observed in the real estate market, Mr. Nachbar informed the City Council that he realized there may be			

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situations in which the home he might purchase (generally for a lower purchase price) would need remodeling. Thus, rather than obtaining a loan for just the purchase price, he might be interested in a loan to cover the construction costs for additional improvements, as well. However, the overall cap of and the security for the loan amount as provided for in the Employment Agreement would not need to be revised.

Mr. Nachbar has now been successful in finding a home to purchase and has entered into a purchase and sale agreement and escrow has been opened. However, the property is in need of additional remodel/improvements. Therefore, to implement the provisions of the Employment Agreement providing for a residency incentive in the form of a loan to have the City Manager reside in the City, the City Attorney has prepared the attached Amendment to Exhibit "B" to the Agreement. This amends the language of Exhibit "B" of the Employment Agreement and clarifies that the residency incentive loan applies to both the "purchase" and "improvement" of a property. The proposed Amendment, attached hereto, would also provide for a process to make certain that both the purchase component and the improvement component of the loan are secured appropriately in accordance with the original language of the Employment Agreement.

This is the second Amendment to the Employment Agreement. The first, adopted in December 2010, implemented the City Manager's voluntary reduction in salary as a result of his agreement to pay the full employee share (8%) of the retirement contribution. There is also language in Section 9 of the Agreement which offers a stipend to the City Manager for his duties as Executive Director of the Redevelopment Agency. Although the Redevelopment Agency no longer exists, the City Manager is still carrying out duties for the Successor Agency and Housing Authority. Many employees formerly reimbursed by the Agency are impacted in a similar manner and issues relating to payment for employees are still being resolved between numerous California cities and the State. Therefore, it is Staff's intent to bring any modifications to this provision of the Employment Agreement to the City Council during the Budget process, when other changes to staff reimbursement and salaries will be considered.

FISCAL ANALYSIS:

There is no change in the fiscal impact, which is within the parameters established by the City Council in 2010, when the Employment Agreement was approved during a publically noticed and agendized City Council meeting.

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ATTACHMENTS:

1. Executive Employment Agreement
2. Proposed Amendment to Exhibit "B" of the Employment Agreement

MOTION:

That the City Council:

1. Approve the Amendment to Exhibit "B" of the Employment Agreement clarifying and implementing the Residency Incentive; and,
2. Authorize the City Attorney to review/prepare the necessary documents; and,
3. Authorize the Mayor to execute such documents on behalf of the City