

City of Laguna Beach  
AGENDA BILL

19

No. \_\_\_\_\_  
Meeting Date: 2/3/15

**SUBJECT: CITY MANAGER'S COMPENSATION AND EMPLOYMENT AGREEMENT**

---

**SUMMARY OF THE MATTER:**

During its annual evaluation of the City Manager in January, the City Council assigned Mayor Whalen and Mayor Pro Tem Dicterow to recommend appropriate changes to Mr. Pietig's employment agreement with the City. The subcommittee has since met and reviewed data from other full-service cities in Orange County. We determined that Mr. Pietig currently receives compensation in the mid-range for city managers of full-service cities in Orange County. Mr. Pietig's existing employment agreement runs through June 30, 2017, and we note that he received a 5% exceptional performance pay adjustment last year, which expires this month unless renewed.

As a result of our review, we recommend that the City Council approve, and authorize the Mayor to execute, amendments to the City Manager's employment agreement to:

1. Provide the City Manager a 5% salary increase effective the first pay period that includes February 1, 2015, in lieu of 5% exceptional performance pay.
2. Provide the City Manager a 5% salary increase effective the first pay period that includes January 1, 2016.
3. Extend the term of the agreement to June 30, 2020.

If these changes are approved, the City Manager's compensation should remain between the 30<sup>th</sup> and 50<sup>th</sup> percentiles of city managers working for full-service cities in Orange County. The costs of these adjustments when fully implemented are about \$15,000 a year and will be incorporated into the budget if approved. The cost for the remainder of FY 2014-15 is \$5,500. The other terms of the employment agreement will remain in effect if these changes are approved.

We also note that the City Manager did not receive a compensation increase from the time of his appointment in December 2010 until July 1, 2013, and that he voluntarily started contributing 2% of his salary towards retirement costs in January 2013. During this time period, other city employees who had not reached the top of their salary ranges were eligible for increases of about 5% of their salary each year.

---

**RECOMMENDATION:** It is recommended that the City Council approve, and authorize the Mayor to execute, amendments to the City Manager's employment agreement to: 1) provide a 5% salary increase in lieu of 5% exceptional performance pay, effective the first pay period which includes February 1, 2015; 2) provide a 5% salary increase effective the first pay period which includes January 1, 2016; and 3) extend the term of the agreement to June 30, 2020.

---

Appropriations Requested: \$ \_\_\_\_\_

Submitted by: Mayor Whalen & Mayor Pro  
Tem Dicterow

Fund: \_\_\_\_\_

Coordinated with: \_\_\_\_\_

Attachments: \_\_\_\_\_

Approved:   
City Manager