OFFICE OF THE CITY COUNCIL
CITY OF PALO ALTO
MEMORANDUM

TO: Palo Alto City Council Members
FROM: CAO Committee Chair Barton
DATE: August 4, 2008

SUBJECT: Approval of Compensation Recommendations for City Manager – Frank Benest, City Attorney – Gary Baum, and City Clerk – Donna Grider and Approval of Contract Amendments with City Attorney – Gary Baum, City Clerk – Donna Grider and new City Manager – James Keene

This memorandum summarizes the Council’s recommendation for compensation for the Council Appointed Officers (CAO’s) following this year’s annual evaluation process.

Following completion of the performance evaluations and review of the compensation survey prepared by Human Resources staff, the following is recommended:

1) Amend the contracts with the City Attorney and City Clerk to delete the provision allowing for an annual bonus;
2) Adjust each CAO’s base compensation as follows:
   • City Attorney - $7,000
   • City Clerk - $5,200
   • City Manager - No change
3) Pursuant to their contracts, each of the CAO’s is entitled to the same general increase granted to the City’s unrepresented managers – basically, a cost of living adjustment (approximately 3.5% this year). This percentage will be applied following adjustment of the base compensation.

In addition, the new City Manager’s contract will be amended to delete the bonus provision.

The City Council directed the CAO Chair and Sherry Lund, the Council’s consultant, to use these recommendations in compensation discussions with each of the CAO’s. We have now had compensation discussions with each of the CAO’s and are presenting these recommendations to the Council for approval. The adjustments would be retroactive to July 1, 2008.

cc: City Manager, Frank Benest
    City Attorney, Gary Baum
    City Clerk, Donna Grider
    Sherry Lund
AMENDMENT NO. FOUR TO EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF PALO ALTO AND DONNA ROGERS (GRIDER)

This is Amendment Number Four to the Employment Agreement Between the City of Palo Alto ("City") and Donna Rogers (Grider), its City Clerk ("City Clerk"), effective ________ 2008.

RECITALS

The following recitals are a substantive portion of this Agreement:

1. The original Employment Agreement ("Contract") was entered into between City and City Clerk for the provision of employment.

2. The parties wish to amend the Contract.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the parties agree:

SECTION 1. Amendment No. One (amending section 3.2 of the original Contract) to the Employment Agreement Between the City of Palo Alto and Donna Rogers (Grider) is hereby amended to read as follows, deleting the terms shown in strikethrough:

"Salary Adjustments. The City Clerk shall be entitled to all Council approved salary increases provided to other managers in the City’s unrepresented group of managers. These increases are typically provided to other managers via control point increases to the City’s Management and Professional employees. Not less than once each year, the City Council shall meet for the express purpose of evaluating the performance of the City Clerk and determining whether to grant her an individual incentive award based on performance. The City Council will act in good faith in determining whether to provide the incentive award, but the ultimate decision in this regard is within the sole discretion of the City Council. The Council retains the discretion to grant special labor market and/or internal equity adjustments to the City Clerk. The compensation comparison shall be done against the labor market or internally and shall be done on a total compensation basis. Total compensation is the sum of all salary and benefits paid."

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SECTION 2. Except as herein modified, all other provisions of the Contract including any exhibits and subsequent amendments thereto, shall remain in full force and effect.

CITY OF PALO ALTO

Dated: __________________________

_______________________________
Larry Klein
MAYOR

_______________________________
CITY CLERK

Dated: __________________________

_______________________________
Donna Grider

ATTEST:

_______________________________
Deputy City Clerk

APPROVED AS TO FORM:

_______________________________
Melissa C. Tronquet
Deputy City Attorney
AMENDMENT NO. THREE TO EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF PALO ALTO AND GARY M. BAUM

This is Amendment Number Three to the Employment Agreement Between the City of Palo Alto (“City”) and Gary M. Baum, its City Attorney (“City Attorney”), effective _______ 2008.

RECITALS

The following recitals are a substantive portion of this Agreement:

1. The original Employment Agreement (“Contract”) was entered into between City and City Attorney for the provision of employment.

2. The parties wish to amend the Contract.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the parties agree:

SECTION 1. Amendment No. One (amending section 3.2 of the original Contract) to the Employment Agreement Between the City of Palo Alto and Gary M. Baum is hereby amended to read as follows, deleting the terms shown in strikethrough:

“Salary Adjustments. The City Attorney shall be entitled to all Council approved salary increases provided to other managers in the City’s unrepresented group of managers. These increases are typically provided to other managers via control point increases to the City’s Management and Professional employees. Not less than once each year, the City Council shall meet for the express purpose of evaluating the performance of the City Attorney and determining whether to grant him an individual incentive award based on performance. The City Council will act in good faith in determining whether to provide the incentive award, but the ultimate decision in this regard is within the sole discretion of the City Council. The Council retains the discretion to grant special labor market and/or internal equity adjustments to the City Attorney. The compensation comparison shall be done against the labor market or internally and shall be done on a total compensation basis. Total compensation is the sum of all salary and benefits paid.”
SECTION 2. Except as herein modified, all other provisions of the Contract including any exhibits and subsequent amendments thereto, shall remain in full force and effect.

CITY OF PALO ALTO

Dated: __________________________

Larry Klein
MAYOR

CITY ATTORNEY

Dated: __________________________

Gary M. Baum

ATTEST:

______________________________
City Clerk

APPROVED AS TO FORM:

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Melissa C. Tronquet
Deputy City Attorney
AMENDMENT NO. ONE TO EMPLOYMENT AGREEMENT
BETWEEN THE CITY OF PALO ALTO AND JAMES R. KEENE, JR.

This is Amendment Number One to the Employment Agreement Between the City of Palo Alto ("City") and James R. Keene, Jr., its City Manager ("Manager"), effective _______ 2008.

RECITALS

The following recitals are a substantive portion of this Agreement:

1. The original Employment Agreement ("Contract") was entered into between City and Manager for the provision of employment.

2. The parties wish to amend the Contract.

NOW, THEREFORE, in consideration of the covenants, terms, conditions, and provisions of this Amendment, the parties agree:

SECTION 1. Section 3.2 of the Employment Agreement Between the City of Palo Alto and James R. Keene, Jr., is hereby amended to read as follows, deleting the terms shown in strikethrough:

"Salary Adjustments. Manager shall be entitled to the same percentage increase in his pay as any inflation or similar adjustment that the City Council approves which applies to all Management and Professional Personnel and Council Appointees. Not less than once each year, the City Council shall meet for the express purpose of evaluating the performance of Manager and determining whether to grant him an individual incentive award based on performance. The City Council will act in good faith in determining whether to provide the incentive award, but the ultimate decision in this regard is within the sole discretion of the City Council. The Council retains the discretion to grant special labor market and/or internal equity adjustments to the Manager."

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SECTION 2. Except as herein modified, all other provisions of the Contract including any exhibits and subsequent amendments thereto, shall remain in full force and effect.

CITY OF PALO ALTO

Dated:

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Larry Klein
MAYOR

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MANAGER

Dated:

____________________________
James R. Keene, Jr.

ATTEST:

____________________________
City Clerk

APPROVED AS TO FORM:

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Melissa C. Tronquet
Deputy City Attorney