



TOWN OF APPLE VALLEY

TOWN COUNCIL STAFF REPORT

To: Honorable Mayor and Town Council **Date:** April 24, 2018
From: Doug Robertson, Town Manager **Item No:** 10
Subject: AGREEMENT TO AMEND THE TOWN MANAGER CONTRACT TO INCLUDE VOLUNTARY AGREEMENT TO PARTICIPATE IN ACROSS THE BOARD REDUCTIONS DUE TO BUDGET CONSTRAINTS

T.M. Approval: _____ **Budgeted Item:** Yes No N/A

RECOMMENDED ACTION:

The Town Manager has proposed the attached letter agreement voluntarily subjecting him to the same cuts as all other employees. Staff recommends acceptance and approval of the attached letter agreement amending his contract.

SUMMARY:

In order to balance the budget, staff is compiling recommendations for Town Council consideration, several of which have already been approved. Some of the options which are being studied include across the board cuts to salaries and/or benefits. Under normal circumstances, salaries and benefits would be protected terms of employment contracts for senior staff. In order to make the cuts truly across the board, the Town Manager has asked all Directors and the Assistant Town Manager to voluntarily sign a letter agreement providing such flexibility. In addition, the Town will be performing a classification and compensation study this year which will identify appropriate comparator agencies and study the total compensation and benefits of employees on a position by position basis. The letter agreement referenced above includes language agreeing to adjustments as implemented as part of this study, which could further impact salaries and benefits.

The Town previously had seven (7) positions in the ranges of Manager to Assistant Director under separate employment contracts. To facilitate across the board cuts, these employees have been asked to voluntarily be released from their contract to instead become part of the regular employment system. This action results in greater protection for those employees as provided by law, elimination of the ability of the Town Manager to terminate for convenience and the

elimination of guaranteed six (6) months' severance pay. None of these positions are proposed for elimination.

For financial reasons, one Assistant Town Manager position was eliminated in January and at this time an additional Assistant Town Manager position is being eliminated. One Director position is being eliminated and replaced by a position with less duties and an associated salary decrease. It is anticipated two Manager positions will be vacated later this year due to retirement. None of the positions discussed in this staff report will be refilled in the foreseeable future.

Position	2017 (Projected)	2019 (Projected)
Assistant Town Manager	3	1
Director	5	3
Assistant Director	4	2
Manager	5	4
	17	10

FISCAL IMPACT:

All savings will be in current fiscal years.

ATTACHMENT:

Agreement letter amending contract

Letter of Understanding

At the present time, the Town of Apple Valley is facing a budgetary shortfall for fiscal year 2017/18 and is likely to continue to face a shortfall for at least the next fiscal year. The Town desires to address this budgetary shortfall while minimizing the need for a reduction in force. In order to accomplish this goal, the Town is looking at certain reductions in employee compensation and wages.

The undersigned employee, Douglas B. Robertson, currently is party to an employment agreement with the Town that provides for, among other things, compensation and benefits.

By signing this letter of understanding, Employee agrees that he is amending his employment agreement to allow the Town to impose reductions to the stated salary or wage rate as follows:

The Town may reduce Employee's stated salary or wage rate by a percentage no greater than the percentage reduction the Town imposes on employees who are not party to an individual employment contract; and

Notwithstanding the above, Employee acknowledges that the Town will conduct a salary and benefits survey to determine the appropriate pay range for Employee's position. Upon approval by the Town Council and implementation of the salary and benefits survey, Employee agrees that his salary or wage rate will be adjusted based an analysis of comparator agencies and incumbent experience in Chief Executive positions.

It is understood that the Town will review its financial situation annually to determine whether it is appropriate, at the Town's sole discretion, to rescind in whole or in part any of the above-referenced reductions.

Douglas B. Robertson

Date

Art Bishop, Mayor
Town of Apple Valley

Date