



Department: Human Resources
Cost Center: 2007
For Agenda of: 4/2/2024
Placement: Consent
Estimated Time: N/A

FROM: Mayor Erica A. Stewart

Prepared By: Nickole Domini, Director of Human Resources

SUBJECT: INTERIM CITY MANAGER EMPLOYMENT AGREEMENT WITH ASSISTANT CITY MANAGER WHITNEY MCDONALD

RECOMMENDATION

1. Adopt a Draft Resolution entitled, "A Resolution of the City Council of the City of San Luis Obispo, California, approving an Employment Agreement for Interim City Manager"; and
2. Adopt a Regular Salary Schedule as required by California Public Employees Retirement System (CalPERS).

POLICY CONTEXT

The appointed officials of the City of San Luis Obispo consist of the City Manager and a City Attorney. Such officials shall be appointed by and may be removed only by the affirmative votes of a majority of the members of the Council pursuant to Article VII, Section 701 of the City Charter. Compensation of officials shall be set by resolution or ordinance pursuant to Charter Section 711.

DISCUSSION

Background

After 12 years serving the City of San Luis Obispo, and the last six and a half as the City Manager, Derek Johnson will be leaving the City to serve as the first Chief Executive Officer for the County of Marin. The City Council will begin a recruitment process to select the new City Manager, which may take approximately six months to complete.

The Assistant City Manager, Whitney McDonald, has been selected to serve as the Interim City Manager to ensure the seamless continuation of essential services to the community. By selecting an internal Interim City Manager, the City Council aims to preserve institutional knowledge, maintain existing organizational culture, and sustain the positive momentum achieved under City Manager Johnson. Ms. McDonald has agreed to accept the Interim City Manager appointment, on the terms of the attached agreement.

While serving as the Interim City Manager, McDonald will undertake the complete duties and responsibilities associated with the City Manager position. The Interim City Manager Agreement, attached herewith, details the salary, benefits, and other provisions applicable to her employment during this interim assignment.

Revised Salary Schedule

In compliance with Public Employees’ Retirement Law and the Public Employees’ Pension Reform Act of 2013 (PEPRA), CalPERS requires publicly available pay schedules. It also defines eight (8) requirements for such schedules, including that the schedule be duly approved and adopted by the employer’s governing body in accordance with requirement of applicable public meetings laws, it is posted on the employer’s website, and it is retained by the employer and available for public inspection for not less than five years. Publicly available pay schedules are a critical component to verify all members’ pay rates when calculating members’ retirement benefits. Maintaining a compliant pay schedule will support transparency and expedite CalPERS’ review process. The attached salary schedule meets these requirements and incorporates the Interim City Manager classification.

Public Engagement

The Interim City Manager appointment was considered by the Council. No other public engagement was conducted as the City Manager is appointed and serves at the will of the Council and this is a temporary appointment intended to facilitate a smooth transition and continuity in management of operations.

CONCURRENCE

The City Attorney’s Office reviewed and approved the Employment Agreement as to form.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act does not apply to the recommended action in this report, because the action does not constitute a “Project” under CEQA Guidelines Sec. 15378.

FISCAL IMPACT

Budgeted: Yes

Budget Year: 2024-25

Funding Identified: Salary savings from vacant positions.

Fiscal Analysis:

Funding Sources	Total Budget Available	Current Funding Request	Remaining Balance	Annual Ongoing Cost
General Fund	\$	\$7,000	\$	\$16,000
State				
Federal				
Fees				
Other:				
Total	\$	\$7,000	\$	\$16,000

There is no direct fiscal impact as there is sufficient budget from salary savings. The difference between McDonald’s current pay and the Interim City Manager role is estimated to cost approximately \$7,000 in FY24 and \$16,000 in FY25. To cover these expenses, the City Administration and Community Services Group departments will utilize salary savings from both the vacant City Manager and Business Services and Administrative Manager positions.

ALTERNATIVES

Direct staff to renegotiate compensation for the Interim City Manager. This alternative is not recommended because the compensation proposed is aligned with the Management Resolution and City Policy for out of class assignments and represents the most effective and cost-efficient means by which to ensure a smooth transition and continuity of progress toward established goals and work programs.

ATTACHMENTS

- A - Draft Resolution approving an Employment Agreement for Interim City Manager
- B - Exhibit A to Draft Resolution - Interim City Manager Employment Agreement
- C - Regular Salary Schedule Effective 4/11/2024