

# City Council Agenda Cover Memorandum

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Meeting Date: September 20, 2010

Item Title: City Manager's agreement

Action Requested:

- Approval
- For discussion
- Feedback requested
- For your information

Staff Contact: Buzz Hill

Phone Number:

Email Address:

Background:

City Council discussed and amended the draft agreement with the City Manager at the COW meeting of September 13, 2010. Motions passed amending the agreement have been made and incorporated into the attached final proposed agreement for your consideration. Changes were made to Section III category 2 to include the PPO I plan in the deferred compensation, rather than the PPO II plan. The calculation of this amount is as follows:

10,000 annually divided by 12 = 833.33 per month

PPO I coverage is \$1,315.44 monthly divided by ½ = 657.97 per month

Dental coverage is \$99.93 divided by ½ = 49.97 per month

$833.33 + 657.97 + 49.97 = 1,541.27$

The other change was to Section VII to provide that severance payments shall be made for six months, "plus one month for each full year of employment up to a total of twelve months."

Recommendation:

To approve the Employment Agreement between the City of Park Ridge and James D. Hock as proposed.

Budget Implications:

Does Action Require an Expenditure of Funds:  Yes  No

If Yes, Total Cost:  
If Yes, is this a Budgeted Item:

\$183,500

Yes

No

Attachments:

Proposed agreement

## EMPLOYMENT AGREEMENT

**THIS AGREEMENT**, made and entered into this \_\_\_\_th day of \_\_\_\_\_, 2010, by and between the City of Park Ridge, an Illinois municipal corporation ("EMPLOYER" or "City Council"), and James Hock ("EMPLOYEE"), both parties agreeing, as follows:

**WHEREAS**, the EMPLOYER desires to employ the services of the EMPLOYEE as City Manager of the City of Park Ridge in accordance with the provisions of Sections 3-6-1 through 3-6-7, inclusive, of Chapter 6 of Article 3 of the Park Ridge City Code ("CITY MANAGER") and this Employment Agreement; and

**WHEREAS** the EMPLOYER agrees to enter into this Agreement with EMPLOYEE to establish the terms of the employment relationship; and

**WHEREAS**, the EMPLOYER, is an Illinois home rule municipal corporation which has the authority to enter into this Employment Agreement;

**NOW, THEREFORE, IN CONSIDERATION OF** the payment of money, and the making of the mutual covenants and promises set forth below, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

### **I. Employment**

The EMPLOYER and EMPLOYEE agree to the employment of the EMPLOYEE in the position of CITY MANAGER of the City of Park Ridge under the terms, conditions and provisions set forth in Sections 3-6-1 through 3-6-7, inclusive, of Chapter 6 of Article 3 of the Park Ridge City Code ("CITY MANAGER"). The EMPLOYEE is an "at will" employee of the CITY. The position of CITY MANAGER is an exempt position under the federal Fair Labor Standards Act. EMPLOYEE shall perform all duties of the City Manager as set forth in the Municipal Code of Park Ridge and perform such additional duties as are assigned to him from time to time by the City Council of the City.

### **II. Term**

This Agreement is to commence on \_\_\_\_\_, 2010, and will expire on April 30, 2011.

### **III. Compensation**

The EMPLOYEE'S total annual compensation package will be determined based on the three categories set forth below:

### Category 1. Baseline Salary

This amount will be the baseline for the EMPLOYEE'S total compensation package. This figure may be increased annually, but only as a result of the percentage increases from Category 3, Annual Performance Increase, below. This amount may not be increased by any of the other compensation categories. The EMPLOYEE'S starting salary effective August 16, 2010 will be One Hundred Sixty Five Thousand Dollars (\$165,000) ("Baseline Salary").

### Category 2. Deferred Compensation

The EMPLOYER will pay One Thousand Five Hundred Forty-One Dollars and Twenty-Seven Cents (\$1,541.27) monthly for deferred compensation to ICMA-RC on the EMPLOYEE'S behalf ("Deferred Compensation"). Additionally, since a definite deferred compensation amount was part of the original Employment Agreement, and since that Deferred Compensation has not been paid since July 14, 2009, a lump sum will be paid into ICMA-RC that is equal to the number of months that have elapsed between July 14, 2009 and the date of execution of this Agreement times Seven Hundred and Eight Dollars and no Cents (\$708.00).

### Category 3. Annual Performance Increase

The EMPLOYER shall conduct an annual written review of the EMPLOYEE'S performance as the City Manager. The EMPLOYEE shall submit an evaluation report to the City Council no later than the 31st day of March of each year. This report shall contain a self-evaluation form and set forth highlights of the EMPLOYEE'S previous year's performance. Any Annual Performance Increase granted in any year shall become a part of the EMPLOYEE'S Baseline Salary for purposes of the following year's Performance Review Program.

## **IV. Benefits.**

A. Loan for Residence. In addition to the above, the EMPLOYER has made an interest free loan to the EMPLOYEE of Three Hundred and Fifty Thousand Dollars (\$350,000.00) for the sole purpose of buying a home in the City. The EMPLOYER has agreed to forgive up to Five Thousand Dollars (\$5,000.00) per year of this loan up to a maximum of ten full years of employment (a maximum forgiveness of Fifty Thousand Dollars (\$50,000.00)). This loan is secured by the home and the EMPLOYEE has executed such documents and consented to such recording as the City Attorney has deemed advisable. This loan is amortized over thirty (30) years with installment payments made on the last day of each month that the loan is outstanding. The full balance on the loan shall be repaid upon the earlier to occur of the following: (1) within six (6) months of the date that the EMPLOYEE is no longer employed by the EMPLOYER; or (2) immediately upon the closing of the sale of the EMPLOYEE'S Park Ridge home after EMPLOYEE is no longer employed by the EMPLOYER.

B. Automobile and Miscellaneous Equipment. EMPLOYEE will have use of an

unmarked City vehicle for which the EMPLOYER will supply insurance, gasoline and necessary maintenance. With respect to personal use, only the EMPLOYEE and the EMPLOYEE'S spouse shall be permitted to use this vehicle. If the EMPLOYEE'S City automobile is driven beyond a 100 mile radius of the City for non-City business, the EMPLOYEE shall supply the gasoline for such trips.

The EMPLOYER may also supply EMPLOYEE with such other equipment for City business as it deems necessary. Any such equipment, including but not limited to the automobile shall remain City property to be returned when EMPLOYEE leaves the City's employ.

C. Other Benefits. EMPLOYEE will be entitled to such benefits as are extended to all full time employees with the following enhancements:

1. EMPLOYEE shall be entitled to twenty-two (22) business days of vacation per year, plus one (1) additional day for each twelve (12) months of employment by the Employer, up to a maximum of twenty-five (25) days.
2. EMPLOYEE will use reasonable discretion and EMPLOYER will pay for dues and expenses for participation in and attendance at professional activities and organizations including, but not necessarily limited to, the International City/County Manager's Association and the Illinois City Management Association, as well as Park Ridge civic events during which EMPLOYEE represents Park Ridge as its City Manager.
3. It is expected that EMPLOYEE will attend the annual ICMA Conference and the ILCMA Conference or other similar professional conferences. Attendance is subject to the Mayor's reasonable discretion and prior notification to the Mayor. EMPLOYEE may not use more than six (6) business days per year for such conferences. The Mayor may approve more than six (6) days annually upon written notice given three (3) months before the date upon which the six (6) day per year limit is to be exceeded.

Notwithstanding the provisions of this Subpart C, EMPLOYEE will not be entitled to group health and dental insurance coverage for the term of this Agreement.

## V. **Outside Activities**

EMPLOYEE shall devote full time attention to his duties as City Manager. However, EMPLOYEE may, in the sole discretion of the City Council, be permitted to engage in teaching and/or pro bono work. This is subject to full compliance with the established City procedures for secondary employment and prior written approval of the City Council.

## VI. **Voluntary Termination**

In the event that the EMPLOYEE desires to terminate this Agreement, he shall deliver a written notice of termination to the EMPLOYER not less than thirty

(30) days prior to the effective date of the resignation. Employee shall not be entitled to any of the severance provisions set forth in VII below. Upon receipt, by the EMPLOYER of the notice of termination, the EMPLOYER may, in its discretion, at any time thereafter, terminate EMPLOYEE'S employment without any liability except to continue to pay the EMPLOYEE'S salary for the lesser of thirty days or the number of days prior to the EMPLOYEE'S stated resignation date.

## **VII. Involuntary Discharge and Severance**

(For purposes of this Section, Involuntary Discharge shall mean discharge for any reason other than voluntary resignation, retirement, medical disability or discharge for cause which shall mean a finding by the City Council that one of the following has occurred: (1) breach of this Agreement; (2) failure to perform the duties of the City Manager as set forth in the City Code; or (3) being found guilty of a felony or a misdemeanor involving dishonesty or moral turpitude).

If EMPLOYEE is Involuntarily Discharged, beginning with the first day of the next full month, EMPLOYEE shall receive Severance payments as regular monthly payroll checks equaling his baseline salary for six months plus one month for each full year of employment up to a total of twelve months.

## **VIII. Constructive Discharge.**

If at any time during the term of this Agreement the EMPLOYER reduces the salary or other benefits of EMPLOYEE, other than in a proportional amount consistent with an across the board reduction for all administrative employees of the City, or the EMPLOYER refuses, following written notice, to comply with any provisions of this Agreement benefiting the EMPLOYEE, or the EMPLOYEE resigns at the request of five members of the City Council, the EMPLOYEE may at his option, be deemed terminated and entitled to severance pay as provided in paragraph VII.

## **IX. Termination Conduct.**

Should EMPLOYEE'S employment be terminated prior to the expiration of this Agreement, neither party shall make any public statement, issue any press release or make any other communication intended to reach the general public with disparages, assigns fault to, or calls into question the good faith or good will of the other party. EMPLOYER agrees that should EMPLOYEE'S employment be terminated prior to the expiration of this Agreement, EMPLOYER shall respond to inquiries of prospective employers with a reference that confirms the terms of EMPLOYEE'S employment with EMPLOYER. This paragraph IX notwithstanding should the EMPLOYEE'S employment be terminated for cause as defined in paragraph VII, the EMPLOYER, through the City Council, shall have the right to issue a formal public statement. In addition, the EMPLOYEE may, in writing, waive his rights pursuant to this paragraph IX.

## **X. Changes**

Any amendments to this Employment Agreement shall be in writing and nothing contained in this Agreement shall prevent EMPLOYEE and EMPLOYER from mutually agreeing to such amendment.

This Agreement shall become effective on the date executed by both Parties.

David Schmidt, Mayor, City of Park Ridge  
(For the City of Park Ridge and not personally)

Date

I have read and accept the terms of my employment. I have consulted my attorney regarding the above terms and conditions and I have been informed of my rights and obligations. I accept the terms and conditions of employment as contained within this Employment Agreement and agree to be bound by them.

\_\_\_\_\_  
James Hock

\_\_\_\_\_  
Date