



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Ratification of Employment Agreement Entered into Between City Manager Blair King and Deputy City Manager/Internal Services Director James Krueger, and Receive, for Information Only, a Report on the Reorganization of the Finance Department and City Manager's Office.

MEETING DATE: December 21, 2005

PREPARED BY: City Manager

RECOMMENDED ACTION:

- 1) Adopt Resolution ratifying the terms of the employment agreement entered into between City Manager Blair King and Deputy City Manager/Internal Services Director James Krueger; and
- 2) Receive, for information only, a report on the reorganization of the Finance Department and City Manager's Office.

BACKGROUND INFORMATION: Lodi Municipal Code Section 2.12.060 vests with the City Manager the power to select subordinate staff. Based upon an open and competitive selection process, the City Manager selected Mr. Krueger to serve as the Deputy City Manager.

The City Manager wishes to provide Mr. Krueger with certain terms and conditions related to employment that extends beyond the Manager's authority and therefore requires ratification by the City Council. The Manager proposes the same agreement provided to Community Development Director Randy Hatch. The proposed Employment Agreement provides for a six-month severance payment if Mr. Krueger is terminated without cause, and it is a two-year "term" agreement. It is the Manager's intention to have all members of the Executive Management Team under a "standard" employment agreement. It has been noted previously that the City has evolved into a practice that some members of the City's Executive Management Team have employment agreements with severance provisions while others do not. The selection of those employees offered employment agreements appears to be random.

In addition to the selection of subordinate personnel, the above referenced Municipal Code section also charges the City Manager with developing an organizational chart. (The presumed purpose of this obligation is to require that the City Manager maintain the organization in accordance with principles, practices, and theories of Public Administration.) The precedent has been established in Lodi for City Managers to present the organizational chart to the City Council for information only.

Human Resources, Information Services, and many accounting functions are support/internal functions to "Line Departments". Line Departments are defined as those departments that deliver direct services to the public, (for example, Police, Fire, Public Works, Library, etc.) Support or Internal services are defined as those Departments or Divisions that support Line Departments. At times, conflict in policy and communication can occur between support departments and/or divisions that negatively impact the delivery of services to Line Departments and in turn the public. In order to increase the coordination of support functions and reduce communication breakdown, the Manager intends to place the supervision of all internal services under the direct control of the Deputy City Manager.

APPROVED:


Blair King, City Manager

Furthermore, in order to reduce the number of Executive Management staff members, the position of Finance Director will be suspended and two new Manager positions will be created in Finance: Budget Manager and Financial Services Manager. This will reduce the number of highly paid Department Heads from nine to eight, and expand the role of the Deputy City Manager. However, the total number of employees City-wide will probably remain the same.

In brief:

- New Deputy City Manager Title: Deputy City Manager/Internal Services Director
- Salary: Currently remains the same as existing Deputy City Manager - up to \$119,556 annually
- Number of New Positions: Two: Financial Services Manager
Responsibilities: Accounting and Billing
Budget Manager
Responsibilities: budget, Treasury Functions, Internal Audits, and Purchasing
- Pay Range for New Positions: \$81,985 - \$99,652
- Status of Finance Director: Position suspended
- Number of Employees Impacted: Financial Services Division: 19 full-time / 1 vacant
Budget/Revenue/Treasury Division: 7 full-time / 1 vacant
Human Resources Division: 6 full-time / 2 vacant
Information Systems Division: 9 full-time / 2 vacant

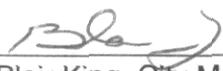
Copies of the Employment Agreement, position description, and organizational charts are attached. It is anticipated that recruitment by the City's Human Resources Department will begin immediately to fill the Financial Services and Budget Manager positions. Until such times as these positions are filled, Accounting Manager Ruby Paiste will serve as Interim Finance Director. When the positions are filled the Finance Director position will be suspended.

FISCAL IMPACT: It is anticipated that for the remainder of the Fiscal Year, one position that was budgeted for the year will not be filled. The cost savings for the remainder of the fiscal year are estimated to be no less than \$66,000 but in actuality could be higher.

FUNDING AVAILABLE: Funding is available. The Deputy City Manager and Finance Director positions have been budgeted for the full year. It is anticipated that at least one more position, that was budgeted in FY 05-06 and that was not anticipated on being vacant, will be vacant the remainder of the fiscal year. Until the recruitments are complete, the specific vacant position is unknown.



Ruby Paiste, Interim Finance Director



Blair King, City Manager

Attachments: Employment Agreement
Position Description
Organizational Charts

**PROPOSED
EMPLOYMENT AGREEMENT**

EMPLOYMENT AGREEMENT

Executive Management Exempt Service

Deputy City Manager/Internal Services Director

THIS AGREEMENT entered into on December 12, 2005, by and between the CITY OF LODI, a municipal corporation (hereinafter referred to as "City") and James R. Krueger, an individual (hereinafter referred to as "Employee").

WHEREAS, City desires to employ the services of Employee as Deputy City Manager/Internal Services Director; and

WHEREAS, Employee desires to serve as Deputy City Manager/Internal Services Director for the City beginning December 12, 2005; and

WHEREAS, City and Employee agree in writing to the terms and conditions of employment as Deputy City Manager/Internal Services Director; and

WHEREAS, Employee and City agree and acknowledge that Employee's employment as Deputy City Manager/Internal Services Director is his sole and exclusive employment with City, and that their employment relationship is governed solely and exclusively by this Agreement.

NOW, THEREFORE, in consideration of the promises and conditions set forth herein, the parties mutually agree as follows:

1. **Employment:** City agrees to employ Employee as Deputy City Manager/Internal Services Director, in accordance with the following provisions:

(a) Employee shall serve as Deputy City Manager/Internal Services Director, and shall be responsible for managing and directing the operations of the Internal Services Division of the City Manager's Office in accordance with an agreed upon performance plan.

(b) Employee shall perform his duties to the best of his ability in accordance with the highest professional and ethical standards of the profession and shall comply with all general rules and regulations established by the City.

(c) Employee shall not engage in any activity which is or may become a conflict of interest, prohibited contract, or which may create an incompatibility of office as defined under California law. Employee shall comply fully with his reporting and disclosure obligations under regulations promulgated by the Fair Political Practices Commission (FPPC).

(d) Employee agrees to remain in the exclusive employ of the City during the term of this Agreement. Employee shall dedicate his full energies and qualifications to his employment as Deputy City Manager/Internal Services Director, and shall not engage in any other employment except as may be specifically approved in writing in advance by the City Manager.

2. **Maintenance of Professional Expertise:** To promote continued professional growth and benefit to the City, Employee shall, at City expense and consistent with budgetary constraints: maintain membership in professional organizations related to city management administration and related professional disciplines; attend workshops, seminars and other similar activities designed to advance Employee's professional development; and, represent the City in professional associations and other organizations.

3. **Term:** The term of the Agreement shall be for a period of two (2) years, commencing December 12, 2005, until terminated by either party in accordance with the provisions set forth in Paragraph 4, or until terminated by the event of the death or permanent disability of Employee. The Agreement may be renewed, under terms mutually agreed by the parties, no later than eighteen (18) months after commencement of Employee's employment with City.

4. **Resignation or Termination:**

(a) Employee may resign at any time and agrees to give City at least 30 days advance written notice of the effective date of his resignation. In such event, Employee shall not be entitled to severance pay as provided in Paragraph 5 herein.

(b) The parties recognize and affirm that Employee may be terminated by the City Manager with cause, which shall mean gross insubordination, incapacity, dereliction of duty, conviction of a crime involving acts of moral turpitude or involving personal gain to him, or material breach of this Agreement. In such event, Employee shall not be entitled to severance pay as provided in Paragraph 5 herein.

(c) The parties recognize and affirm that Employee may be terminated by the City Manager without cause. In such event, Employee shall be entitled to severance pay as provided in Paragraph 5 herein.

(d) In the event of termination and in recognition of Employee's professional status and integrity, Employee and the City Manager shall prepare a joint public statement to be made by the City Manager. This employment relationship is based on the mutual respect between the parties and a desire to maintain the highest degree of professionalism. In communicating with third parties about the parties' employment relationship and the circumstances under which it may have been severed, the parties shall (a) protect and advance their mutual respect and professionalism, and (b) refrain from making statements that would negatively impact either party.

(e) Employee may choose to resign or retire his office instead of being terminated if agreed to by the City Manager. In such an event the public announcement, as provided for in Paragraph 4 (d) above, will note Employee has resigned or retired. The provisions of Paragraph 4 (d) shall remain applicable.

5. **Severance Pay:** If Employee is terminated by the City Manager without cause while still willing and able to perform the duties of Deputy City Manager/Internal Services Director, City agrees to pay Employee a cash payment equal to six (6) months' aggregate salary and the City's cost of six (6) months' health insurance benefits subject to reduction as set forth in this Paragraph 5. The severance payment will be paid over time at the same time as other employees of the City are paid and subject to customary withholdings. In the event Employee

retains new employment during the six month severance period, any remaining severance payment will be forfeited as of the date Employee begins his new Employment. To be eligible for such severance pay, Employee shall fulfill all of his obligations under this Agreement, and shall sign an Acknowledgment and Release of Claims against the City. Payment under this paragraph will release City from any further obligations under this Agreement, or any other transaction between the parties

6. **Employment as Department Head is Sole Employment with City:** Employee further represents and acknowledges that his employment as Deputy City Manager/Internal Services Director is his sole and exclusive employment with the City. Employee has no right to any other exempt position with the City, or to any employment in the classified service.

7. **Salary:**

(a) City agrees to pay Employee \$119,556.00 in salary per annum for his services, payable in installments at the same time as other employees of the City are paid and subject to customary withholding.

(a) Thereafter, a salary increase of up to five percent (5%) may be granted by the City Manager after twelve (12) months of employment and a satisfactory performance evaluation.

8. **Benefits:** The City shall provide Employee the same benefits as provided to management employees in accordance with the terms of the Executive Management Statement of Benefits dated 1998 and as they may be amended, increased or decreased, except as modified herein. These are the sole and exclusive benefits to be provided to Employee. Any improvement or modification of such benefits may only be made by written instrument signed by the City Manager. As used herein, benefits include, but are not limited to: vacation, sick leave, holidays, administrative leave, retirement, vision insurance, health insurance, dental insurance, long term disability insurance and life insurance. Employee's vacation leave shall be calculated as if Employee was in his sixth year of employment (i.e., Employee shall accrue fifteen days of vacation per year increasing from there as provided in the Executive Management Statement of Benefits.) Employee will also earn and accumulate sick leave and vacation as provided in the Executive Management Statement of Benefits.

9. **Performance Evaluation:** The City Manager shall review and evaluate the performance of Employee each year and set goals and objectives for the ensuing year. Such review and evaluation shall be in accordance with specific criteria developed in the performance plan in consultation with Employee and the City Manager.

10. **Assignment:** Employee shall not assign any of the duties and responsibilities, or obligations of this Agreement except with the express written consent of the City Manager.

11. **Authority to Work in the United States:** Employee represents, under penalty of perjury, that he is authorized to work in the United States. In accordance with §274A (8 USC 1324) of the Immigration Reform and Control Act of 1986 before this Agreement can become effective, Employee must provide documentary evidence to City consistent with the Act, that he

is legally entitled to work in the United States, and must execute the verification required by that Act.

12. **Cell Phone/Vehicle:** Employee will be provided with a Cell Phone for employment related use at the City's expense on terms consistent with other Executive Managers. Employee will also be provided with access to the Administration Pool Car for work related use on an as available basis.

13. **Notice:** All notices required herein shall be sent first class mail to the parties as follows:

To **CITY:** City of Lodi
P. O. Box 3006
Lodi, CA 95241-1910

To **EMPLOYEE:** James Krueger
1976 Carmel Circle,
Lodi, California 95242

Notice shall be deemed effectively served upon deposit in the United States mail.

14. Entire Agreement: This Agreement contains the entire agreement between the parties hereto. No promise, representation, warranty, or covenant not included in this Agreement has been or is relied on by any party hereto. This Agreement may only be amended by written instrument signed by Employee and the City Manager and specifically approved by the City Council in open session.

{CONTINUED ON NEXT PAGE}

15. Severability: If any provision of this Agreement is invalid or unenforceable, it shall be considered deleted herefrom and the remainder of this Agreement shall be unaffected and shall continue in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Agreement the day and year written above.

EMPLOYEE

By: James R. Krueger
James Krueger

CITY OF LODI, a municipal corporation

By: _____
Blair King
City Manager

ATTEST:

By: _____
Susan Blackston
City Clerk

APPROVED AS TO FORM:

Steve Schwabauer
City Attorney

POSITION DESCRIPTION

DEPUTY CITY MANAGER/ INTERNAL SERVICES MANAGER

DEPUTY CITY MANAGER/INTERNAL SERVICES DIRECTOR**DEFINITION**

Under the direction of the City Manager, plans, coordinates, and organizes the overall administrative functions of the City. Provides direction, management, and coordination of activities for the Human Resources, Budget/Revenue/Treasury, Financial Services, and Information Systems Divisions, and represent the City in employee relations. Foster cooperative working relationships with community groups, inter-governmental agencies, and staff; and provides staff assistance to the City Manager and City Council.

DISTINGUISHING CHARACTERISTICS

This single position classification is a management level position in the City Manager's office. This position is responsible for assisting the City Manager in developing, planning, implementing, and administering City-wide goals and objectives as well as policies and procedures necessary to provide City services. This position may be assigned overall administrative responsibility for all City activities in the absence of the City Manager.

EXAMPLES OF DUTIES

Duties may include, but are not limited to the following:

Administrative Functions:

- Provides assistance and advice to the City's management staff; coordinates inter-departmental activities as well as City activities with outside agencies and organizations.
- Assists the City Manager in the development and administration of the City's budget; analyzes and forecasts City revenues and expenditures; monitors expenditures.
- Directs, oversees, and participates in a variety of activities within the City Manager's Office; assigns work activities, projects, and programs; monitors work flow; reviews and evaluates work products, methods, and procedures.
- Performs or supervises comprehensive management analyses in a wide range of municipal policies, organization, procedures, budgetary, and finance areas; prepares and presents staff reports and other necessary correspondence.
- Meets with members of the public including members of the business community and citizen groups to develop programs and implement projects to solve city service problems and explain City policies, procedures, goals, and objectives; negotiates agreements and resolves difficult City administration related problems and questions.
- Provides staff assistance to the City Council, committees, commissions, and the City Manager in matters related to a wide variety of City administration activities and programs.
- Reviews and responds to citizen complaints or requests for information; oversees the preparation of City publications.

Human Resources Functions:

- Manages all activities throughout the City related to the broad function of human resources. This includes the monitoring of recruitment and selection, position control, classification and compensation, benefits administration, equal opportunity, management development, performance appraisal, risk management functions, labor relations, negotiations, general audits, and administration of agreements with employee organizations.

Finance Functions:

- Fiscal management, budget process and preparation, administration and operation of the City's finance divisions which include Accounting, Utility Billing & Collections, Purchasing, and Budget/Revenue/Treasury. The incumbent is responsible for formulating financial policy, and managing the day-to-day financial operations of the City.

Information Systems Functions:

- Coordinates the implementation of information systems to achieve City-wide goals and objectives. Recommends long-term plans and strategies for effective utilization of information technology systems. Monitors management systems, work flow analysis, and reviews and evaluates existing programs, and procedures. Oversees contract negotiations and authorizes final contract agreements with vendors for implementation.

MINIMUM QUALIFICATIONS:**Knowledge of:**

- Modern and highly complex principles and practices of municipal government administration, organization development, economic development functions and services.
- Principles of personnel administration, supervision, and training.
- Methods and techniques of public administration research, analysis, and report preparation.
- Principles and practices of municipal budget preparation and administration.
- Pertinent Federal, State, and local laws, codes, and regulations.

Ability to:

- Select, supervise, train, and evaluate professional staff.
- Interpret applicable laws, rules, and regulations.
- Prepare and analyze fiscal and organizational reports, statements, and correspondence.
- Analyze, interpret, summarize, and present administrative and technical information and data in an effective manner.
- Develop, prepare, and administer a large municipal budget.
- Establish and maintain cooperative working relationships with City Council members, staff, committee members, public officials, business leaders, and the general public.
- Communicate clearly and concisely, both orally and in writing.

EDUCATION AND EXPERIENCE

Any combination equivalent to experience and education that would likely provide the required knowledges and abilities would be qualifying. A typical combination is:

Education:

Possession of a Bachelor's degree from an accredited college or university, with major course work in public administration, finance or a closely related field. A Master's degree in public administration is highly desirable.

Experience:

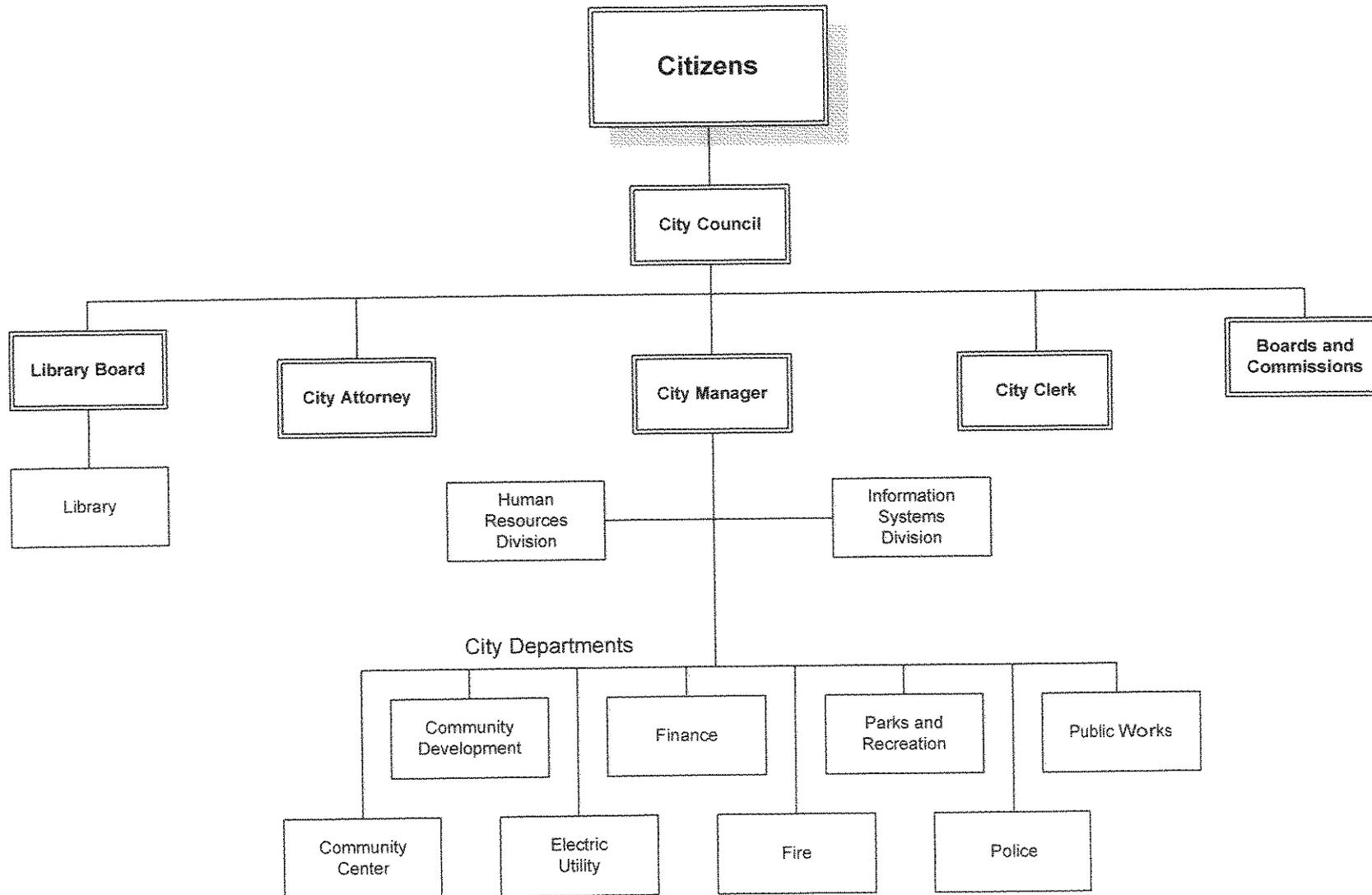
- Ten years of management experience and four of those years must demonstrate experience in financial management and human resources, preferably in a public agency or governmental setting.

LICENSES AND CERTIFICATES:

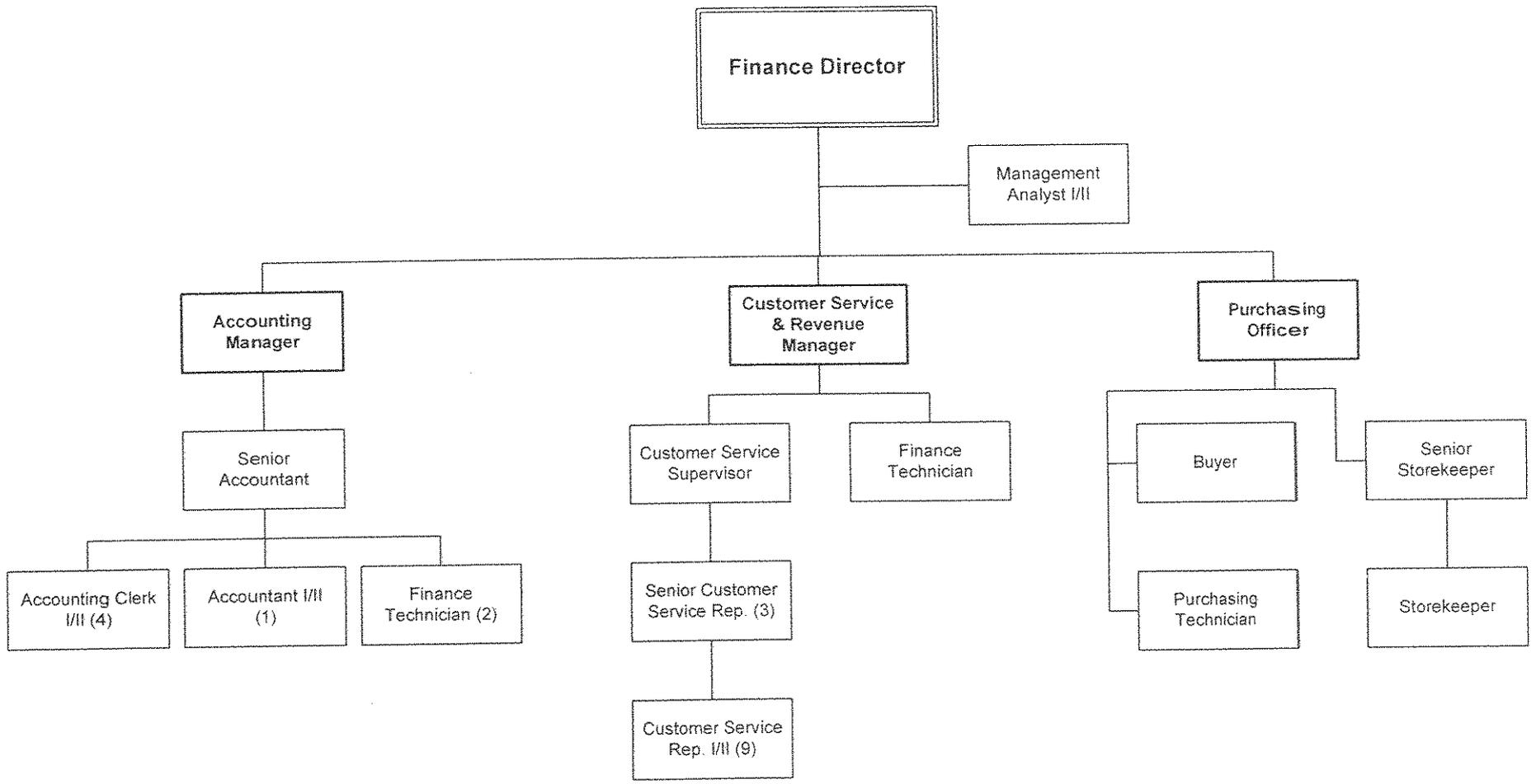
- Possession of an appropriate, valid Driver's License from the California Department of Motor Vehicles.

**CURRENT
ORGANIZATIONAL CHARTS**

City of Lodi

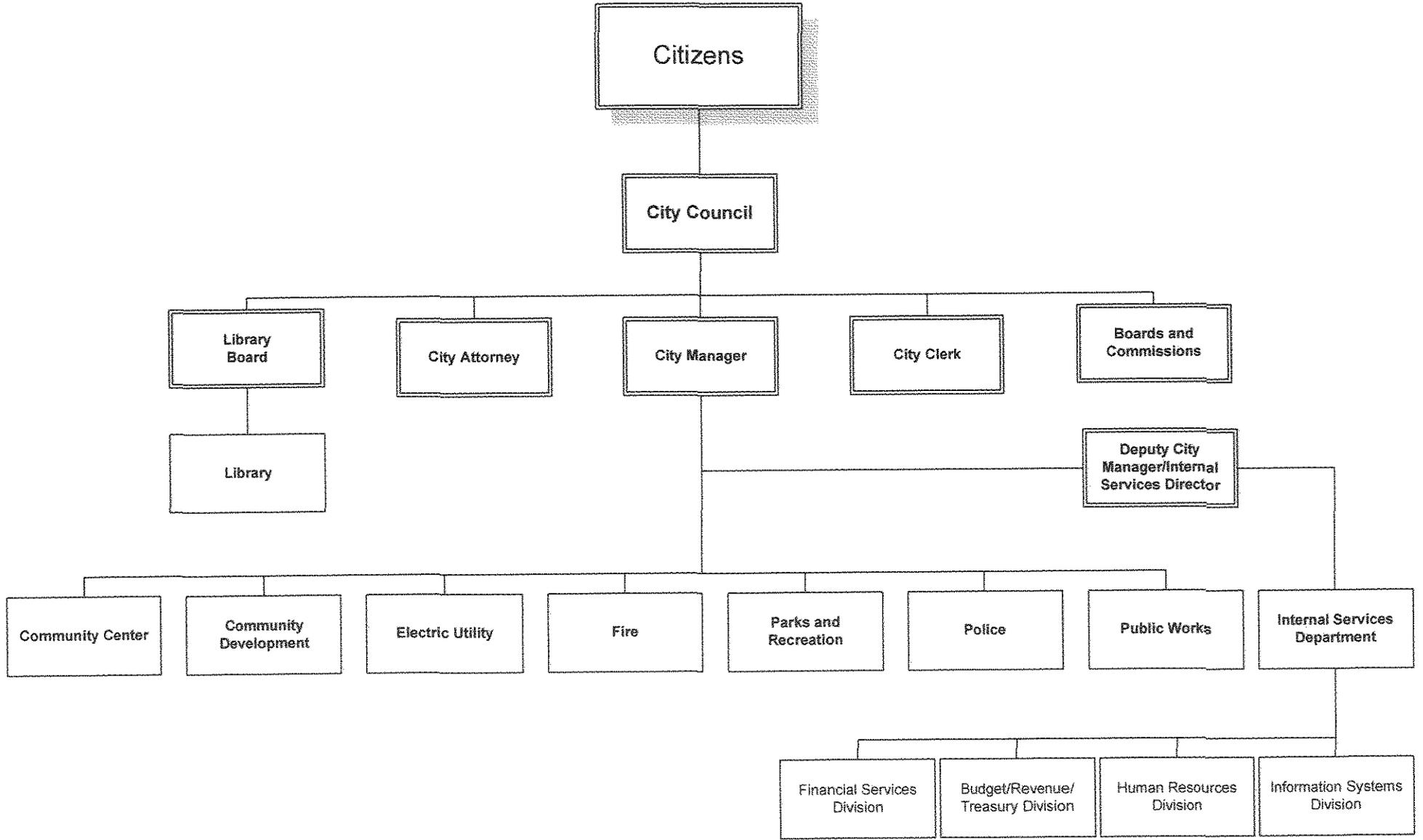


Finance Department

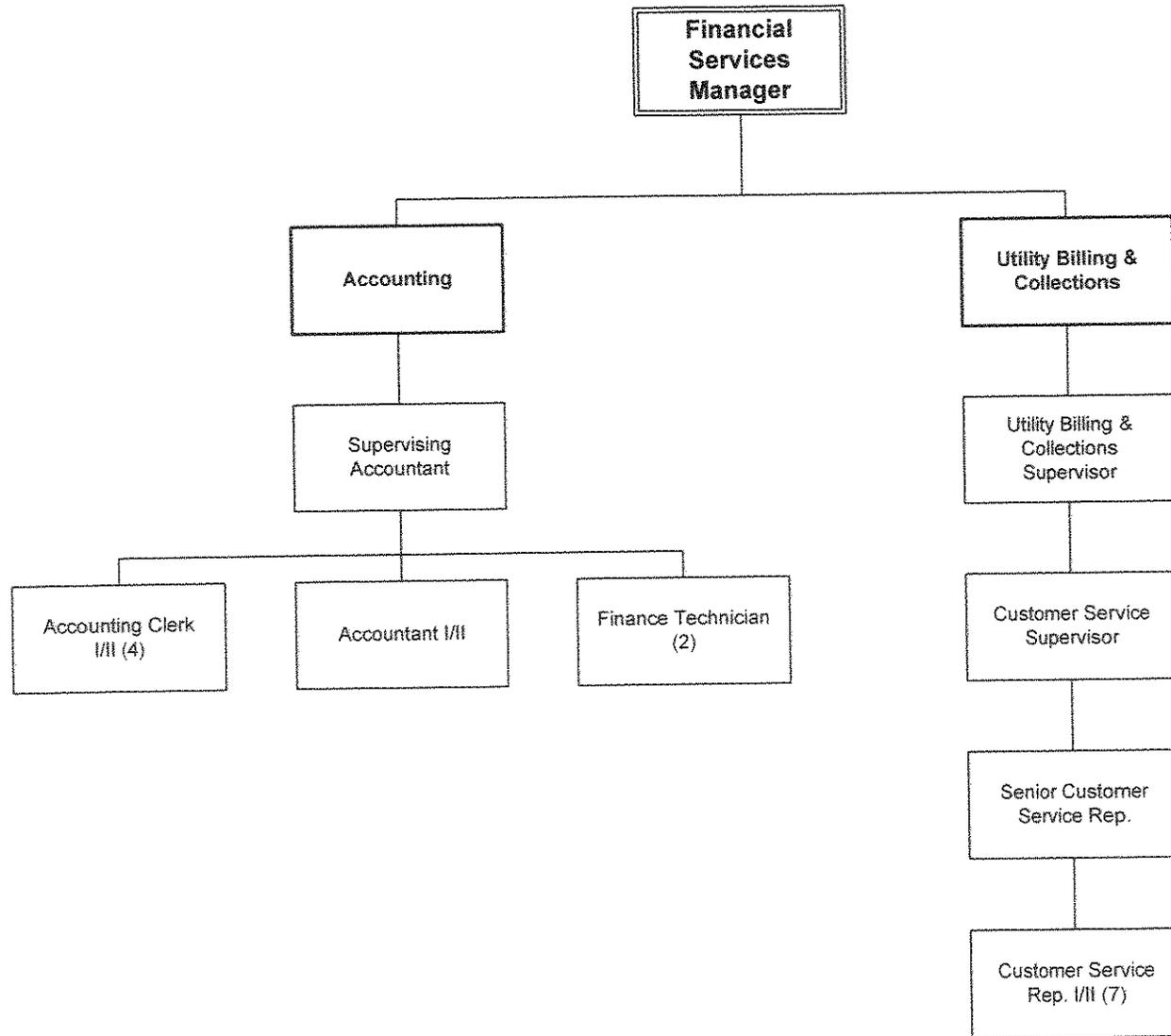


PROPOSED ORGANIZATIONAL CHARTS

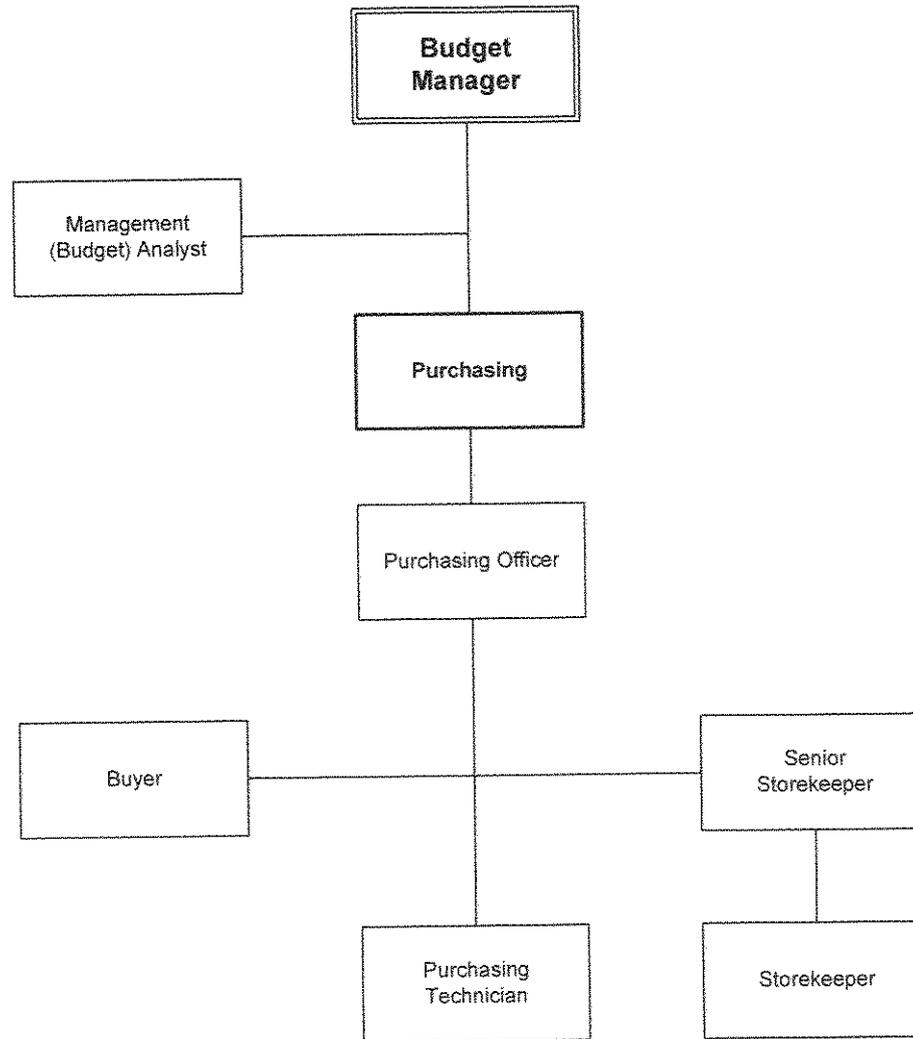
City of Lodi



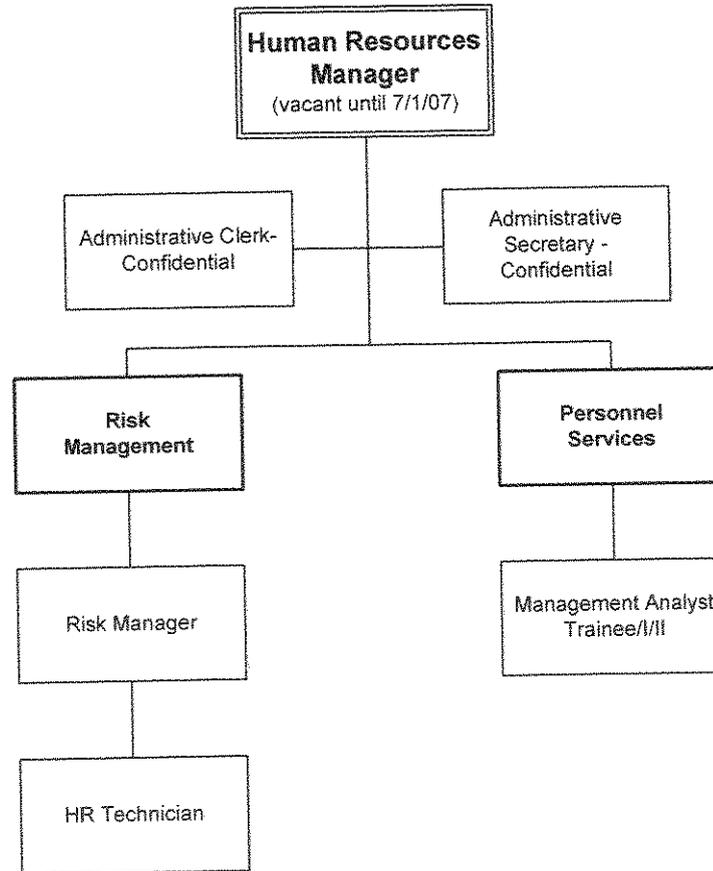
Financial Services Division



Budget/Revenue/ Treasury Division



Human Resources Division



Information Systems Division

