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Mayor Hanrahan - Employment Contract for the General Manager for Utilities (B)

Upon his retirement from the City during the summer of 2004, former City Auditor Alan Ash informed the City Commission that his contract contained a provision allowing for six months' pay upon termination of service, whether that termination was voluntary or involuntary. Upon review it was determined that this same provision was included in the contracts of the City Attorney, the City Clerk and the General Manager for Utilities, but not in the contracts of the City Manager or the Equal Opportunity Director.

Not wishing to receive such a payment upon voluntarily leaving service to the city, Mr. Ash and Mr. Radson requested that this provision be removed from their contracts. This request was approved by the City Commission on July 12, 2004. On July 12, 2004 the City Commission gave direction to have each of the Charter Officers' contracts brought into consistency in this regard, and requested that Mayor Hanrahan negotiate the indicated changes with Mr. Lannon and Mr. Kurtz. Based on successful negotiations, Mr. Lannon's contract was amended by the City Commission on August 8, 2005 to remove this provision and add additional language to bring it into consistency with other considerations granted to the remaining charter officers. Mr. Blackburn's recently-approved contract also reflects this consistency.

Despite several meetings to negotiate a resolution, Mr. Kurtz and Mayor Hanrahan have been unable to come to mutually agreeable terms regarding amending the General Manager's contract to remove the provision to provide six months' salary upon voluntary termination of service to the City. In July 1995 Mr. Bowers first contract did not include severance for voluntary termination. Mr. Kurtz believes that this provision was added to three of the (then) five charter officers' contracts intentionally in approximately 1994, and represents a substantial benefit that should not be removed without just compensation. The language (severance for voluntary termination) was added after a study of charter officer compensation was undertaken by a Consultant and some have suggested that it was intended to allow a charter officer to "leave quietly" without having to be fired in order to obtain severance pay. On September 25, 1995, the City Commission authorized the preparation of standardized contracts, increasing some benefits which were distributed in December, 1995, which document was signed by the City Manager in early January, 1996. About this same time, Mr. Kurtz presented his understanding of the contract terms, including severance for voluntary termination. The standardized contract was amended accordingly and executed by the remaining Charter Officers and Mayor Painter in February, 1996. Despite any past history, Mayor Hanrahan believes the intent of the Commission, based on its action of July 12, 2004, was to have all six charter officers' contracts made consistent with one another. Mayor Hanrahan understood the Commission to express concern that payment of six months' salary upon leaving the city voluntarily is an unusually generous contract provision well beyond consideration given to lower level employees. Given this circumstance, Mayor Hanrahan suggested that Mr. Kurtz seek individual guidance on how to come to resolution from members of the City Commission, but he has not found clear consensus in these one-on-one discussions. The negotiations are at impasse,

and further direction from the City Commission is needed to bring the matter to closure.

The City Commission hear a report from Mayor Hanrahan and Mr. Kurtz and provide direction regarding how to resolve the contract issues. The Commission may:

1. Leave Mr. Kurtz's contract as it currently stands.
  
2. Offer Mr. Kurtz an amended contract removing the language regarding severance pay upon voluntary termination to make it consistent with the contracts of other charter officers. Mr. Kurtz's current contract and the subject provision will remain in effect unless a new contract or contract amendment is signed by both parties or one or the other chooses to terminate it.
  
3. Provide direction on how to negotiate some other consideration within the contract to substitute for the severance package that is mutually agreeable to both Mr. Kurtz and a majority of City Commissioners.

Mr. Kurtz's current salary is \$161,461. Six months' severance pay is worth approximately \$83,330.