



## CITY COUNCIL AGENDA REPORT

**Meeting Date:** April 7, 2022

**From:** City Attorney McMorrow

**Subject:** City Manager Salary Adjustment and Contract Modification

**Recommendation:** Adopt the attached Resolution approving the Third Amendment to the City Manager's Employment Agreement

### A. Background

Prior to 2014, the City Council periodically reviewed the City Manager's compensation against the compensation being paid to other city managers in San Mateo County and the region. The Council's purpose was to ensure that the City Manager was paid fairly relative to similarly situated city managers in the region.

In 2014, the Council's review was formalized as part of the City Manager's contract. Specifically, a biannual regional survey process was provided for in the contract, with the first review to be in 2016.

For various reasons the parties deferred conducting a survey in 2016, 2018 and 2020. For example, the most recent review would have been during the heart of the pandemic when the City Council and City Manager were focused on more pressing matters.

In advance of its annual performance review of the City Manager, the City Council consulted with the City Attorney and determined that a salary survey should be conducted prior to and taken into consideration as part of the performance review.

### B. Salary Survey

#### *a. Ad Hoc Subcommittee*

The City Council assigned responsibility for having the salary survey conducted and initially reviewing it with the City Manager to an ad-hoc subcommittee made up of Councilmembers Cunningham and Lentz.

The subcommittee directed the City Attorney to work with City staff and, as appropriate the City Manager, to gather the information required to complete the salary survey and to report back to the subcommittee with the survey results. The Council also directed that the City Attorney share the survey results with the City Manager for his review.

The salary survey was compiled in February and early March.

#### *b. Categories of Compensation*

The survey takes into account three categories of pay that are available from public sources:

1. salary;
2. other pay, which includes items such as housing, vehicle and technology allowances; and
3. deferred compensation (i.e., contributions to an approved IRS 457 plan.

c. *Survey Cities*

The information compiled for the salary survey is modeled on earlier such surveys, where the practice has been to focus on cities in San Mateo County, but not to the exclusion of all others. Specifically, the survey takes into account several cities from the region, each of which was determined to have a parallel to the City in terms of the management responsibilities of the City Manager.

d. *Comparable Responsibilities*

The subcommittee and staff found it difficult to find a single city in the region where the responsibilities of city leadership seem to parallel those of the Brisbane City Manager.

On the one hand, Brisbane has a relatively small residential population of less than 5,000, but employs full time staff to provide a full array of municipal services that many cities of similar size do not, e.g., Atherton, Portola Valley and Woodside. In addition, Brisbane has complex environmental, planning and land use challenges that only a handful of larger cities in the region have.

On the other hand, the subcommittee and City personnel considered it a “reach” to compare the management demands on the City Manager to those of exponentially larger cities in the area, including Daly City, Redwood City and South San Francisco, each with approximately 100,000 residents.

**C. Conclusion**

Taking the above noted differences and balancing test into account between Brisbane and other cities in the region, the subcommittee concluded that the city managers of Burlingame, Millbrae and San Carlos come closest to having similar responsibilities to the City Manager at this time.

Specifically, the subcommittee reasoned that the city managers of these cities have more constituent demands that they must manage day-to-day given their significantly larger population bases, and that these demands are somewhat akin to the demands on the Brisbane City Manager with respect to being responsive to residents, while managing the land use complexities presented by the Baylands, the Quarry, and the California High Speed Rail Authority’s proposal to build a light maintenance facility in the City’s front yard.

The subcommittee reviewed the compensation paid to the city managers of Burlingame, Millbrae and San Carlos – ranging from \$275,500 to \$323,000 – and concluded that a comparable salary for the Brisbane City Manager would be \$287,000. The subcommittee did not limit its review to salary alone given the substantial allowances and/or deferred compensation paid in the three cities, while the City Manager’s compensation is limited to salary and a \$300 a month car allowance.

**D. Recommendation**

Taking the foregoing into account, the subcommittee recommends that the City Manager’s salary be increased from \$263,500 annually to \$287,040, which translates into a pay scale of \$138 per hour. The proposed Third Amendment to the Employment Agreement is attached.

**E. Fiscal Impact**

There are funds budgeted to cover this increase in this and next fiscal year.

**Attachments**

1. Resolution Approving the Third Amendment to the City Manager's Employment Agreement and Third Amendment to the City Manager's Employment Agreement



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Thomas McMorrow, City Attorney

**RESOLUTION NO. 2022-34**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BRISBANE APPROVING THE THIRD AMENDMENT TO THE JULY 18, 2019 EMPLOYMENT AGREEMENT WITH THE CITY MANAGER**

WHEREAS, Clayton Holstine is the appointed City Manager of the City of Brisbane and currently serves under an Employment Agreement between the City and Mr. Holstine dated July 18, 2019, as amended; and

WHEREAS, the City and Mr. Holstine wish to amend further the Employment Agreement concerning the term of the Agreement and to revise the salary schedule for the City Manager, as set forth in the attached Exhibit A.

**NOW, THEREFORE**, the City Council of the City of Brisbane resolve as follows:

Section 1. The pay schedule for the City Manager, as of the first full pay period of April 2022 and thereafter, as provided in the City Manager Employment Agreement, as amended, is confirmed.

Section 2. Appendix A to the Employment Agreement, as amended, sets forth the pay rate and pay schedule for the City Manager's salary, which Appendix satisfies the requirements of a publicly available pay schedule as set forth in Government Code, Section 20636.

Section 3. The Third Amendment to the July 18, 2019 Employment Agreement between the City and Clayton Holstine is approved, and the Mayor is authorized to sign such Amendment.

Section 4. The City Clerk is directed to post the Third Amendment, once fully executed, including Appendix A, on the City's website under "City Manager's Contract".

Section 5. This Resolution shall take effect immediately upon adoption.

  
Coleen Mackin, Mayor

I hereby certify that the foregoing Resolution was adopted as a regular agenda item at a regularly scheduled meeting of the Brisbane City Council on April 7, 2022 by the following vote:

AYES: Councilmembers Cunningham, Davis, Lentz, O'Connell and Mayor Mackin

NOES: None

ABSENT: None

ABSTAIN: None

  
Ingrid Padilla, City Clerk

### THIRD AMENDMENT TO EMPLOYMENT AGREEMENT

This Third Amendment to Employment Agreement is made April 7, 2022 by and between the City of Brisbane, a Municipal Corporation ("City"), and Clayton L. Holstine ("Employee").

#### RECITALS

- A. City and Employee entered into an Employment Agreement on July 18, 2019, by which City retained Employee as the City Manager of City and set forth the salary and other benefits provided to Employee by City.
- B. The Employment Agreement was first amended in November 2020 concerning the terms and conditions of a loan that City provided to Employee for his personal residence in Brisbane and the term of the agreement.
- C. The Employment Agreement was amended a second time in June 2021 to extend the term of the agreement to December 31, 2022.
- D. Consistent with the Employee Agreement, in the first calendar quarter of 2022, City conducted a salary survey of City Managers of certain cities in San Mateo County and other San Francisco Bay Area cities to determine whether any adjustment to Employee's salary schedule was warranted.
- E. A City Council ad hoc subcommittee was appointed to oversee and review the salary survey, a copy of which is attached hereto as Attachment 1.
- F. Based on its review of the salary survey, the City Council's ad hoc subcommittee has recommended that Employee's salary schedule be adjusted to reflect an increase in total salary and to extend the term of the Employment Agreement to April 30, 2023.

NOW, THEREFORE, in consideration of the foregoing, City and Employee agree as follows:

1. Subsection a) of Section 3 of the Employment Agreement is amended as follows:

**"3. Term.**

- a) The term of this Agreement shall commence on July 18, 2019 and end on April 30, 2023, subject to the termination provisions of Section 12.
- b) No change.
- c) No change."

2. Section 4 of the Employment Agreement is amended as follows:

**"Salary.**

- a) Commencing as of the first full pay period of April 2022, the bi-weekly base salary will be \$11,040 (\$287,040 annually; \$23,920/monthly; \$138/hour.) See the attached Appendix A.
- b) If the term of this Agreement is extended further, City Council and Employee will discuss whether to conduct a then current salary survey for City Manager's of cities in San Mateo County and the San Francisco Bay Area, and whether a potential adjustment of the salary schedule in Appendix A is warranted."

3. Section 6 of the Employment Agreement is amended as follows:

**"6. Vacation and Leave Time**

Employee shall be entitled to the same vacation, holidays, longevity and sick leave as provided to full time department heads of the City of Brisbane, in accordance with the Memorandum of Understanding as negotiated from time to time between such department heads and the City. For the purpose of accounting for sick leave and vacation, these hours will be merged into one bank of time called personal leave.

In addition to personal leave, Employee shall be entitled annually to 80 hours of administrative leave that shall be credited in August 2019, August 2020 and August 2021, provided, however, that Employee must use such administrative leave in the year in which it is credited or such leave is lost. Employee shall also be credited with 80 hours of administrative leave in August 2022 but such administrative leave must be used by April 30, 2023 or it will be lost."

4. In all other respects, the terms and conditions of the Employment Agreement, as amended, shall continue in full force and effect.

IN WITNESS WHEREOF, the City of Brisbane has caused this Third Amendment to be signed and executed in its behalf by its Mayor, and duly attested by the City Clerk, and Employee has signed and executed this Third Amendment the day and year first written above.

**CITY OF BRISBANE**



Coleen Mackin, Mayor

**EMPLOYEE**



Clayton L. Holstine

*Attest:*



Ingrid Padilla, City Clerk

*Approved as to form:*



Thomas McMorrow, City Attorney

**CITY OF BRISBANE**  
City Manager

Appendix A

**Effective Date: 04/11/2022**

| <u>Job Title</u> |           | <u>Salary</u> |
|------------------|-----------|---------------|
| City Manager     | Monthly   | \$23,920.00   |
|                  | Bi-weekly | \$11,040.00   |
|                  | Hourly    | \$138.00      |



## 2021 San Mateo County's City Manager Compensation

| City  | Salary 2021 <sup>1</sup> | Other Pay <sup>2</sup> | Deferred Comp  | Total            |
|---|--------------------------|------------------------|----------------|------------------|
| Redwood City  | \$334,000                | \$40,000               | \$6,000        | \$380,000        |
| <a href="https://www.redwoodcity.org/home/showpublisheddocument/24586/637794020919600000">https://www.redwoodcity.org/home/showpublisheddocument/24586/637794020919600000</a>   |                          |                        |                |                  |
| Daly City   | \$357,000                | \$17,000               | 0              | \$374,000        |
| <a href="https://www.dalycity.org/DocumentCenter/View/154/Executive-Management-PDF">https://www.dalycity.org/DocumentCenter/View/154/Executive-Management-PDF</a>   |                          |                        |                |                  |
| South San Francisco   | \$308,000                | \$25,500               | 0              | \$333,500        |
| <a href="https://www.ssf.net/home/showpublisheddocument/24041">https://www.ssf.net/home/showpublisheddocument/24041</a>   |                          |                        |                |                  |
| San Carlos  | \$287,000                | \$22,000               | \$14,000       | \$323,000        |
| <a href="https://www.cityofsancarlos.org/home/showdocument?id=5504">https://www.cityofsancarlos.org/home/showdocument?id=5504</a>   |                          |                        |                |                  |
| San Mateo   | \$273,000                | \$15,000               | \$18,000       | \$306,000        |
| <a href="https://www.cityofsanmateo.org/DocumentCenter/View/46428/Department-Heads-and-Deputy-Directors?bidid=">https://www.cityofsanmateo.org/DocumentCenter/View/46428/Department-Heads-and-Deputy-Directors?bidid=</a>   |                          |                        |                |                  |
| Millbrae  | \$250,000                | \$27,000               | 0              | \$277,000        |
| <a href="https://www.ci.millbrae.ca.us/home/showpublisheddocument/25115/637625620790100000">https://www.ci.millbrae.ca.us/home/showpublisheddocument/25115/637625620790100000</a>   |                          |                        |                |                  |
| Burlingame  | \$269,000                | \$500                  | \$6,000        | \$275,500        |
| <a href="https://cms6.revize.com/revize/burlingamecity/document_center/Human%20Resources/Salary%20Tables%20Report%2012-20-21%20-%20Merit%20Classifications%20UPDATED%20with%20CM%20COLA.pdf">https://cms6.revize.com/revize/burlingamecity/document_center/Human%20Resources/Salary%20Tables%20Report%2012-20-21%20-%20Merit%20Classifications%20UPDATED%20with%20CM%20COLA.pdf</a> |                          |                        |                |                  |
| Pacifica  | \$240,000                | \$4,300                | \$11,000       | \$255,300        |
| <a href="https://www.cityofpacifica.org/civicax/filebank/blobdload.aspx?BlobID=18359">https://www.cityofpacifica.org/civicax/filebank/blobdload.aspx?BlobID=18359</a>   |                          |                        |                |                  |
| San Bruno   | \$258,000                | \$9,500                | \$2,500        | \$270,000        |
| <a href="https://sanbruno.ca.gov/DocumentCenter/View/718/Salary-Schedule-for-Full-Time-Employees-PDF">https://sanbruno.ca.gov/DocumentCenter/View/718/Salary-Schedule-for-Full-Time-Employees-PDF</a>   |                          |                        |                |                  |
| Brisbane  | \$263,500                | \$3,500                | 0              | \$267,000        |
| <a href="https://www.brisbaneca.org/sites/default/files/fileattachments/human_resources/page/16771/cm_pay_scale_july_2021.pdf">https://www.brisbaneca.org/sites/default/files/fileattachments/human_resources/page/16771/cm_pay_scale_july_2021.pdf</a>   |                          |                        |                |                  |
| Half Moon Bay   | N/A                      |                        |                |                  |
| Colma   | N/A                      |                        |                |                  |
| <b>Average</b>  | <b>\$284,000</b>         | <b>\$16,500</b>        | <b>\$5,800</b> | <b>\$306,000</b> |

<sup>1</sup> Salaries information is compiled from the identified cities' websites as of March 10, 2022.

<sup>2</sup> Other information is from the California State Controller's annual government compensation report. See <https://publicpay.ca.gov/Reports/PositionRpts.aspx?rpt=2&entityid=0>