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City of South Gate
CITY COUNCIL

Item No. 8

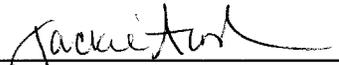
CITY OF SOUTH GATE
OFFICE OF THE CITY MANAGER

AGENDA BILL

12:50pm

For the Regular Meeting of: May 12, 2020
Originating Department: Administrative Services

Department Director:


Jackie Acosta

City Manager:


Michael Flad

SUBJECT: EMPLOYMENT AGREEMENT WITH STEVE COSTLEY

PURPOSE: To approve an Employment Agreement (“Agreement”) with Steve Costley for the position of Interim Director of Parks & Recreation, retroactively effective January 1, 2020.

RECOMMENDED ACTIONS:

- a. Approve Employment Agreement with Steve Costley for the position of Interim Director of Parks & Recreation, retroactively effective January 1, 2020; and
- b. Authorize the Mayor to execute the Agreement in a form acceptable to the City Attorney.

FISCAL IMPACT: There is no fiscal impact. The Director of Parks & Recreation position has been vacant since December 31, 2019 and funding for the position was included in the Fiscal Year 2019/20 budget.

ANALYSIS: None

BACKGROUND: On December 30, 2019, the Director of Parks & Recreation retired leaving the position vacant. Steve Costley agreed to accept the position of Interim Director of Parks & Recreation, retroactively effective January 1, 2020, to perform the functions and duties specified in the Class Specification until such time as a permanent appointment to the position is made. The recruitment to fill the permanent Director of Parks & Recreation position will be opened soon. Human Resources is currently working on updating the job spec and preparing a recruitment flyer. It is anticipated that the recruitment will be completed and an appointment made by November 1, 2020.

ATTACHMENTS: A. Proposed Employment Agreement
B. Salary Pay Table – Unclassified Top Management

**EMPLOYMENT AGREEMENT
AS INTERIM DIRECTOR OF PARKS & RECREATION
BETWEEN THE CITY OF SOUTH GATE AND STEVE COSTLEY**

This Employment Agreement as Interim Director of Parks & Recreation ("Agreement") is made and entered into on May 12, 2020, and retroactively effective as of January 1, 2020, by and between the City of South Gate, a municipal corporation ("City"), and Steve Costley ("Employee"). City and Employee are sometimes hereinafter individually referred to as a "Party" and collectively as "Parties." The Parties hereby enter into the terms, conditions, covenants, duties and responsibilities as follows:

RECITALS

WHEREAS, the Parties hereto are entering into this Agreement to set forth the terms and conditions upon which Employee's job title and job description with the City will temporarily be changed from Deputy Director of Parks & Recreation to Interim Director of Parks & Recreation ("Interim Director") to fill temporarily the vacant position left open by the former director;

WHEREAS, the City desires to acknowledge the changed scope of services of Employee and to expect from him the highest standards of fidelity and public service;

WHEREAS, Employee knowingly and voluntarily enters into this Agreement and freely, without any duress from the City, accepts the terms and conditions of this Agreement;

WHEREAS, Employee agrees and acknowledges by virtue of this Agreement, that the Employee's employment with the City in his capacity as Interim Director shall be governed solely by the terms and conditions of this Agreement and applicable state and federal laws and not by any past, present or future memorandums of understanding or agreements with any other labor group or individual employee of the City. Employee understands that commencing with the effective date of this Agreement, Employee shall be deemed to be an at-will employee in his capacity as Interim Director, meaning that Employee's Interim Director status may be terminated with or without cause, and with or without advance written notice, by the City Manager, at which time the Employee shall return to his previous position as Deputy Director of Parks & Recreation, including salary and benefits and be subject to all employment policies and procedures applicable to that position without any further consequences or corrective actions based on the employee's execution of duties under this agreement;

WHEREAS, the Parties desire that this Agreement shall be the sole basis to provide a just means for ending the Employee's Interim Director status at such time as he may be unable fully to discharge his duties, or when the City Manager in his sole discretion may desire to otherwise promote the Employee by removing his interim status, or return the Employee to his previous position of employment with the City of South Gate; and

WHEREAS, the Parties further desire in this Agreement to provide certain benefits and establish certain conditions of employment.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained and as authorized by the South Gate Municipal Code, the applicable Personnel Rules and Regulations, all Resolutions currently in effect and adopted by the City, and any and all applicable provisions of federal and/or state law, including but not limited to the California Government Code, the Parties hereto agree as follows:

SECTION 1. DUTIES. Employee hereby agrees to accept the position of Interim Director of Parks & Recreation ("Interim Director"), to perform the functions and duties specified in the Class Specifications and Attributes ("Class Specifications") as may be approved or modified from time-to-time by the City Council, and to perform such other legally permissible activities and functions as may be directed by the City Manager. A copy of the Class Specifications is attached hereto as Exhibit "A."

SECTION 2. TERM.

- A. The term of this Agreement is hereby retroactively effective as of January 1, 2020, and shall remain in full effect until the Director of Parks & Recreation position has been permanently filled, unless terminated in accordance with the terms set forth in this Agreement.
- B. Employee agrees to remain in the exclusive employment of the City and not to become otherwise employed while this Agreement is in effect, without the prior approval of the City Manager evidenced in writing. The term "employed" shall not be construed to include occasional teaching, writing or consulting performed outside of normal City business hours, or on Employee's time off with the prior approval of the City Manager evidenced in writing.

SECTION 3. DURATION AND AFFECT OF INTERIM APPOINTMENT. In the event Employee is not promoted by the City Manager from the Interim Director position and not named as the Director of Parks & Recreation, the Employee shall return to his previous position and salary and benefits without any further consequences or corrective actions based on the Employee's execution of duties under this Agreement. However, should the Employee not be appointed to the permanent Director of Parks & Recreation position, the City agrees to review, without further obligation, the salary of the Deputy Director of Parks & Recreation position to which the Employee will return.

SECTION 4. COMPENSATION AND BENEFITS.

The compensation and benefits set forth below are intended to apply only to the extent and in the amount that they exceed the compensation and benefits provided to the Employee as Deputy Director of Parks & Recreation.

- A. **Salary.** Effective January 1, 2020, the base salary for Employee shall be set at Step "C" of Range 706, in the monthly amount of \$12,846.00.
- B. **Pension.** Employee shall be provided with pension benefits. Accordingly, Employee will be covered by the City's agreement with the California Public Employees' Retirement System ("CalPERS"), as codified in Government Code Section 21354.5, which provides

for a "2.7% @ 55" Full Formula benefit; Government Code Section 21574, which provides for a "Fourth Level 1959 Survivor Benefits;" and Government Code Section 20042, which provides for "One Year Final Compensation." The City shall pay the Employer contribution of pension costs and Employee shall pay the Employee contribution of pension costs (currently at 8% of base pay).

- C. **Deferred Compensation.** Employee is eligible to participate in the City-sponsored deferred compensation plan on a voluntary basis and is eligible for a City match of voluntary contributions made by the Employee up to a maximum of \$100.00 per month.
- D. **Automobile Allowance.** The City agrees to pay Employee \$475.00 per month as an automobile allowance which shall be taxable as compensation.
- E. **Life Insurance.** Employee shall receive term life insurance paid by the City in the amount of \$100,000.00 which shall remain in effect during the term of this Agreement. Employee has the option of purchasing supplemental insurance in an amount of up to \$150,000.00 at the Employee's own expense from the City's carrier.
- F. **Medical Insurance.** The City shall pay the premium for health insurance coverage for Employee and legal dependents up to the maximum of the Employee+2 (family) Kaiser insurance rate. If Employee demonstrates proof of insurance by other means, and elects not to participate in the City's medical plan, the City will contribute the sum of \$360.60 per month to Employee's deferred compensation plan.
- G. **Dental/Vision.** The City will pay insurance premiums which are equivalent to the rate for the standard HMO plan. If Employee selects a more expensive plan, Employee will be responsible for any difference in premiums. Vision coverage is linked to Dental enrollment. If Employee elects not to participate in the City's dental/vision plans, the City will contribute the sum of \$17.95 per month to Employee's deferred compensation plan.
- H. **Retiree Medical Insurance.** If Employee retires with twenty (20) years or more of City service, and remains so retired, he shall receive a medical insurance premium benefit not to exceed \$150.00 per month, plus the current CalPERS administrative fee paid directly to CalPERS. This section specifically makes no provision for any dependents of the retiree. The retired Employee will continue to have the option to purchase medical insurance for himself and dependents, as currently provided.
- I. **Fitness.** Employee shall receive a free membership at the South Gate Sports Center which will include privileges for a spouse and up to three (3) dependent children under the age of 18, at no cost.
- J. **Technology Reimbursement.** Unless other arrangements are approved by the City Manager, Employee will be compensated \$100.00 per month as reimbursement for his personal technology device use which shall be taxable as compensation.
- K. **Professional Memberships.** The City shall pay, either directly or by reimbursement to Employee, for related regional and national professional memberships as approved by the City Manager, including renewal of professional licenses related to the position.

- L. **Educational Reimbursement.** The individual educational reimbursement cap is \$2,500.00 annually (\$3,000.00 for private universities). A total annual budget of \$100,000.00 will be available for this plan, subject to annual City Council approval. Employee shall be eligible to participate in the educational reimbursement plan after completion of Employee's six (6) months of employment with the City. To be eligible for reimbursement, Employee must obtain a grade of "C" or better and submit a grade slip or other evidence of successful course completion and appropriate invoices and/or receipts. If Employee voluntarily separates from the City for reasons other than retirement within two (2) years of completing a course for which reimbursement is received, the City shall withhold a prorated amount of such reimbursement from the Employee's final check, unless otherwise waived by the City Manager in his/her sole discretion. The prorated amount shall be 1/24th of the amount for each month short of two (2) years.

SECTION 5. LEAVE.

The leave benefits set forth below are intended to apply only to the extent and in the amount that they exceed the leave benefits provided to the Employee as Deputy Director of Parks & Recreation.

- A. **Vacation.** Employee shall receive paid vacation leave which shall accrue at the prorated formula of one hundred sixty (160) hours per year. Employee may cash out up to eighty (80) hours of accrued vacation leave every calendar year (in December). At the time of separation or termination, Employee will be entitled to cash out the entire balance of his accrued vacation leave hours.
- B. **Sick Leave.** Employee shall receive paid sick leave which shall accrue at the prorated formula of one hundred twenty (120) hours per year. Sick leave may be used for personal illness, illness of an immediate family member as defined by state law, and doctor and dentist appointments. The City shall permit Employee to utilize fifty (50) hours of his accrued sick leave as paid time-off for reasons of personal business (not related to illness). These days shall not be regarded as "sick leave used" for any personnel related purposes, including employee discipline, evaluations, promotions, assignments, etc. At the time of separation or termination, Employee will be paid from his accrued sick leave balance as follows: fifty percent (50%) after fifteen (15) years with the City; seventy-five percent (75%) after twenty (20) years with the City; or one hundred percent (100%) after twenty-five (25) years with the City.
- C. **Administrative Leave.** Employee shall receive administrative leave which shall accrue at the prorated formula of one hundred twenty (120) hours per year. Employee may cash out up to eighty (80) hours of accrued administrative leave every fiscal year (in June). At the time of separation or termination, Employee will be entitled to cash out the entire balance of his accrued administrative leave hours.
- D. **Holiday Leave.** Employee will receive designated holidays and compensated time as prescribed by the City.

E. All other leave not explicitly described. This Agreement shall be subject to state and federal law consistent with the City's personnel policies and procedures.

SECTION 6. SCHEDULE. Employee's schedule of work each day and week shall vary in accordance with the work required to be performed. It is recognized that as Interim Director, Employee must devote time outside of normal office hours to attend to business of the City, and, to that end will be allowed to take compensatory time off as deemed appropriate by the Employee and City Manager.

SECTION 7. PERSONNEL RULES AND REGULATIONS. Employee is subject to the provisions of any personnel rules, regulations and other policies and procedures governing terms and conditions of employment whether now in existence or subsequently adopted by the City. Except as to the discipline, disciplinary appeals, notice and termination provisions thereof, such rules, regulations, policies or procedures are incorporated into this Agreement by reference and shall govern unless there is a conflict with this Agreement.

SECTION 8. INDEMNIFICATION. To the extent mandated by state and/or federal law, including but not limited to California Government Code Sections 825-825.6 and Sections 995-996.6 and other applicable laws, the City shall defend, hold harmless, and indemnify Employee against any tort, professional liability, claim or demand, or other legal action arising out of an alleged act or omission occurring in the performance of Employee's services under this Agreement, whether groundless or otherwise, arising out of an alleged act or omission occurring in the performance of the Employee's duties as defined in this Agreement. City will compromise and settle any such claim or suit and pay the amount of any settlement or judgment rendered thereon for Employee's activities performed within the course and scope of his employment.

SECTION 9. BONDING. The City shall bear the full costs of any fidelity or other bonds required of Employee under any law or ordinance.

SECTION 10. MODIFICATIONS. Any modification to this Agreement must be in writing and signed by both Parties executing this Agreement in order to be effective.

SECTION 11. EFFECT OF WAIVER. The failure of either Party to insist on strict compliance with any of the terms, covenants or conditions of this Agreement by the other Party shall not be deemed a waiver of that term, covenant or condition. Nor shall any waiver or relinquishment of any right or power at one time or times be deemed a waiver or relinquishment of that right or power for all or any other times.

SECTION 12. ENTIRE AGREEMENT.

- A.** Each of the Recitals stated above are incorporated by reference as fully set forth herein.
- B.** Each Party agrees that this Agreement is valid and shall be binding upon said Party. In the event of Employee's death prior to the expiration of this Agreement or any extension thereof, the heirs at law and executors of Employee shall be entitled to accrued and unused benefits as prescribed in Sections 3, 4 and 5, above, of which Employee would be entitled. Each Party to this Agreement acknowledges that no representations, inducements, promises, agreements, orally or otherwise, have been made by any Party, or anyone acting

on behalf of any Party, which are not embodied herein, and that no other agreements, statements or promises not contained or referenced in this Agreement shall be valid or binding on either Party. Employee has fifteen (15) calendar days following approval by the City to review and execute this Agreement.

- C. Employee acknowledges that he has knowingly accepted the terms of this Agreement and has consulted with an attorney of his own choosing, or voluntarily elected not to do so, prior to executing this Agreement.

IN WITNESS WHEREOF, Parties hereto have caused this Agreement to be executed and attested by their respective officers thereunto duly authorized.

CITY OF SOUTH GATE:

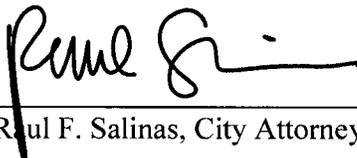
By: _____
Maria Davila, Mayor

Dated: May __, 2020

ATTEST:

By: _____
Carmen Avalos, City Clerk
(SEAL)

APPROVED AS TO FORM:

By:  _____
Raul F. Salinas, City Attorney

EMPLOYEE:

By: _____
Steve Costley

Dated: May __, 2020

Salary Pay Table South Gate Top Management Employees (Unclassified) Effective October 9, 2018
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		Step A	Step B	Step C	Step D	Step E
701	CITY MANAGER	19,250	20,213	21,223	22,285	-
702	POLICE CHIEF	18,482	-	-	-	-
711	ASSISTANT CITY MGR/DIRECTOR OF PUBLIC WORKS	12,751	13,389	14,058	14,761	15,499
710	DIRECTOR OF PUBLIC WORKS/CITY ENGINEER	12,751	13,389	14,058	14,761	15,499
703	DIRECTOR OF COMMUNITY DEVELOPMENT	11,790	12,380	12,999	13,649	14,331
706	DIRECTOR OF PARKS & RECREATION	11,258	11,821	12,412	13,033	13,684
704	DIRECTOR OF ADMINISTRATIVE SERVICES	11,031	11,583	12,162	12,770	13,409
708	FIELD OPERATIONS MANAGER	9,453	9,926	10,422	10,943	11,491