



City of Huntington Beach

INTER-DEPARTMENT COMMUNICATION

TO: Honorable Mayor and City Councilmembers

FROM: Dave Kiff, Interim City Manager *DK/re*

DATE: August 5, 2019

SUBJECT: Supplemental Communication for Administrative Item No. 20
on the August 5, 2019 City Council/Public Financing Agenda

Submitted for your review and acceptance are minor changes to pages 3 and 6 (shown in red) of the proposed City Manager employment agreement with Oliver Chi.

If approved, the minutes will reflect that Administrative Item No. 20 was approved ***as amended by supplemental communication.***

c: Robin Estanislau, City Clerk

Att: Pages 3 and 6, revised

- b) CITY hereby appoints and retains MR. CHI to serve as City Manager for the City of Huntington Beach and MR. CHI hereby accepts such employment with the CITY beginning on September 30, 2019, or such earlier date that MR. CHI and CITY agree, and continuing until MR. CHI or City Council terminates this AGREEMENT pursuant to Section 3.
- c) The term of this AGREEMENT shall be for four years, commencing on September 30, 2019 and ending on September 30, 2023, unless terminated by either party hereto as provided herein. On or about September 29, ~~2023~~2020, and annually on each succeeding anniversary of MR. CHI's start date, the term of this AGREEMENT shall be automatically extended for one additional year unless prior to such date by majority vote of the total membership of the City Council at a regular meeting and in compliance with the City Charter, including Charter Section 404(d), the City Council takes formal action to not extend this AGREEMENT for one additional year. Any such decision by the City Council to not extend the Term by one additional year shall constitute a termination of this AGREEMENT upon completion of the remaining three-year term.
- d) This AGREEMENT in its entirety may be renegotiated at any time so long as CITY and MR. CHI desire and mutually agree to such terms in writing.
- e) The City Council shall conduct a performance evaluation of MR. CHI not less than twelve (12) months after commencement of MR. CHI's term of employment, and annually thereafter by no later than June 30th in each year during the term of this AGREEMENT. The annual performance evaluation shall include goals set forth by the City Council. However, MR. CHI acknowledges and accepts the fact that the City Council as an employer has the right to schedule an evaluation session at any time in accordance with the notice and all other requirements of the Brown Act. As a result of the performance evaluation and at the City Council's sole discretion, the City Council may provide a salary increase and/or performance bonus.

SECTION 3. TERMINATION

- a) This AGREEMENT may be terminated by the City Council for cause or misconduct by MR. CHI. After giving notice to MR. CHI that this AGREEMENT is terminated for cause or misconduct, the CITY shall have no obligation to continue the employment of MR. CHI or to provide compensation or benefits, including severance. For purposes of termination, "cause" is defined as willful breach of duty by MR. CHI in the course of employment or habitual neglect of duty by MR. CHI in the course of employment or continued incapacity of MR. CHI to perform the duties of employment as City Manager. In addition, cause is defined as:

c) Leave.

- i. General Leave. MR. CHI shall accrue, and have credited to his personal account, General Leave starting at the rate of a 5+ year employee of the CITY (as of the date of this AGREEMENT, this amount is 200 hours per year). MR. CHI shall be credited with a General Leave bank of forty (40) hours upon commencement of employment. This credited General Leave will not be subject to pay at separation if MR. CHI separates from employment for any reason during the first year of this AGREEMENT.
- ii. Executive Leave. MR. CHI shall be credited with an Executive Leave bank of forty (40) hours upon commencement of employment. MR. CHI shall be credited with one-hundred (100) hours Executive Leave per year automatically. Executive ~~leave~~Leave is not intended to create a cash benefit. MR. CHI shall not take ~~executive~~Executive leaveLeave as cash/cash out at any time.

d) MR. CHI shall also be entitled to holidays, Leave Without Pay and Bereavement Leave on the same basis as Executive Management employees of CITY are receiving. Any future change to the holiday or leave benefits provided to CITY's Executive Management employees shall apply to the level of holiday or leave benefits for MR. CHI unless the Parties otherwise agree.

e) CITY shall bear the full cost of any fidelity or other bonds required of MR. CHI relating to his service as City Manager under any law or ordinance.

f) Should MR. CHI relocate to reside within Huntington Beach, CITY will reimburse MR. CHI for temporary rental expenses of up to \$3,500.00 per month for up to six months, provided that the temporary rental expenses to be reimbursed are supported by documentation and/or receipts.

g) Home Loan, Equity Sharing Agreement. The City shall enter into a Housing Loan and Equity Sharing Agreement ("LOAN/EQUITY AGREEMENT") with MR. CHI, in a form approved by the Mayor and City Attorney and pursuant to the following terms and conditions:

- i. An interest rate of 0.5% higher than the CITY's most recent investment portfolio rate of return, as of the date of the LOAN / EQUITY AGREEMENT;
- ii. A limit on the amount of the loan set at not more than six times MR. CHI's annual base salary;
- iii. Upon the sale of the home, MR. CHI will provide the CITY with 50% of any equity appreciation in the value of the home and property – this covenant shall be recorded with the County;