



Honorable Mayor and Members of the Hermosa Beach City Council

CITY MANAGER CONTRACT AMENDMENT

(City Attorney Patrick Donegan)

Recommended Action:

Staff recommends City Council approve a resolution (**Attachment 1**) approving the fifth amendment to the City Manager's employment agreement increasing her compensation for her seventh year of employment and awarding her a one-time bonus pursuant to the terms of her employment agreement.

Executive Summary:

The City Council conducted the City Manager's annual performance and directed a contract amendment be prepared providing for an increase in salary for her 2024–2025 year of service, as well as award a performance bonus pursuant to the terms of her employment agreement.

Background:

At its August 28, 2018 meeting, the City Council approved an Employment Agreement with Suja Lowenthal providing for her employment as City Manager. Section 5 of the Agreement provides that the Council will annually conduct a performance evaluation of the City Manager and consider a compensation adjustment at that time. At its July 14, 2020 meeting, the City Council approved the first amendment to the City Manager's employment agreement as of her first anniversary of employment. At its February 23, 2021 meeting, the City Council approved the second amendment to the City Manager's employment agreement. At its October 25, 2022 meeting, the City Council approved the third amendment to the City Manager's employment agreement. At its January 23, 2024 meeting, the City Council approved the fourth amendment to the City Manager's employment agreement.

Under the Brown Act, performance evaluations are conducted in closed session in order to protect the privacy interests of the employee. The privacy interests of public employees in their work performance are no different than those of employees in the private sector.

Past Board, Commission, and Council Actions

Meeting Date	Description
August 28, 2018	City Council approved the City Manager’s employment agreement.
July 14, 2020	City Council approved the first amendment to the City Manager’s employment agreement.
February 23, 2021	City Council approved the second amendment to the City Manager’s employment agreement.
October 25, 2022	City Council approved the third amendment to the City Manager’s employment agreement.
January 23, 2024	City Council approved the fourth amendment to the City Manager’s employment agreement.

Discussion:

Among other terms, the City Manager’s existing employment agreement states that at the time of her annual performance evaluation the City Council will evaluate the City Manager’s salary and/or any other benefits received by the City Manager. Further, the City Manager may be awarded exceptional performance recognition in the form of a one-time payment up to ten percent (10%) of base salary for exceptional performance during the prior fiscal year. The City Manager’s salary for the 2023–2024 year of service was \$273,180.72.

Last month, the City Council conducted the City Manager’s performance evaluation. The proposed results of that performance evaluation are as follows:

- An annual salary of Two Hundred Eighty-One Thousand Three Hundred and Seventy-Six Dollars (\$281,376.00) for the time period of August 28, 2024 through August 27, 2025.
- A one-time performance bonus in the amount of Nineteen Thousand One Hundred and Twenty-Two Dollars and Sixty-Five Cents (\$19,122.65) for the prior year.

General Plan Consistency:

This report and associated recommendation have been evaluated for their consistency with the City’s General Plan. Relevant Policies are listed below:

Governance Element

Goal 1. A high degree of transparency and integrity in the decision-making process.

Policies:

- **1.1 Open meetings.** Maintain the community’s trust by holding meetings in which decisions are being made, that are open and available for all community members to attend, participate, or view remotely.

- **1.6 Long-term considerations.** Prioritize decisions that provide long-term community benefit and discourage decisions that provide short-term community benefit but reduce long-term opportunities.

Goal 8. A performance-based management and benchmarking program.

Policy:

- **8.1 Community indicators.** Utilize performance metrics, standards, and data collection procedures to evaluate progress towards goals.

Fiscal Impact:

The total cost of the negotiated changes, salary increase plus bonus, for Fiscal Year 2024–2025 is \$27,317.93.

Attachments:

1. Resolution No. 24-XXXX
2. Fifth Amendment to the City Manager Employment Agreement
3. Fourth Amendment to the City Manager Employment Agreement
4. Third Amendment to the City Manager Employment Agreement
5. Second Amendment to the City Manager Employment Agreement
6. First Amendment to the City Manager Employment Agreement
7. 2018 City Manager Employment Agreement

Respectfully Submitted by: Patrick Donegan, City Attorney

Concur: Myra Maravilla, City Clerk

Noted for Fiscal Impact: Brandon Walker, Administrative Services Director

Legal Review: Patrick Donegan, City Attorney

Approved: Suja Lowenthal, City Manager