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TOWN MANAGER EMPLOYMENT AGREEMENT

This Agreement made and entered into the 2nd day of September, 2015, by and between the Town of Los Gatos, a municipal corporation in the State of California ("TOWN"), and Laurel Prevetti ("MANAGER").

RECITALS

A. The Town Council of the Town of Los Gatos desires to appoint Laurel Prevetti to the position of Town Manager of the Town of Los Gatos on September 2, 2015.

B. It is the desire of the Town Council to establish the terms and conditions of employment of Laurel Prevetti as Town Manager of the Town of Los Gatos, including the duties, salary and benefits of employment.

C. Laurel Prevetti desires to accept employment as Town Manager of the Town of Los Gatos under the terms set forth herein.

NOW, THEREFORE, in consideration of the respective and mutual covenants hereinafter contained and made, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and agreed, and subject to all the terms and conditions hereof, the parties agree as follows:

SECTION 1. DUTIES AND RESPONSIBILITIES:

A. Appointment as Town Manager. TOWN hereby agrees to employ MANAGER in the capacity of Town Manager for TOWN during the term of this Agreement. MANAGER will perform the functions and duties specified in Section 2.30.295 of the Los Gatos Municipal Code for this position and perform such other legally permissible and proper duties and functions as the Town Council may from time to time assign or delegate.

B. Exclusive Employment. During the term of this Agreement, MANAGER shall be in the exclusive employ of TOWN; provided, however, that the term "exclusive employ" shall not prohibit future part-time employment which the Employee may desire to accept with appropriate prior knowledge and approval of the Town Council. "Appropriate prior knowledge and approval of the Town Council" shall mean that MANAGER shall give four (4) weeks written notice to the Town Council prior to accepting part-time employment and approval of the Town Council shall be deemed given unless any Town Council member states in writing that they desire a closed session to discuss the part-time employment. Such part-time employment shall not in any way conflict in time or interest with MANAGER's responsibilities to TOWN. Town Council shall have uncontrolled discretion in granting part-time outside employment and its determination to grant or deny part-time outside employment shall be final.

SECTION 2. SALARY:

A. Initial Salary. TOWN agrees to pay MANAGER for her services rendered in the amount of $203,000 annually, payable in installments at the same time as other employees of TOWN are paid.

B. Intial Performance Evaluation. The Town Council shall evaluate the MANAGER's performance on or before March 15, 2016. This shall be a performance only evalution with no adjustment to compensation.

C. Salary Increases. The Town Council shall evaluate Manager performance annually thereafter beginning Setember 2016. Should the Town Council, upon completion of its annual review of MANAGER's performance pursuant to this Agreement, determine that MANAGER has met its performance expectations; the Town Council shall increase MANAGER's compensation at least consistent with compensation increases granted by Town Council to other Town Management (At-Will/Unrepresented) Employees. MANAGER understands and agrees that she has no entitlement to an increase in compensation. Any decision to increase MANAGER's compensation shall be retroactive to the beginning of the pay period immediately preceding the anniversary of the Effective Date when the review is conducted pursuant to this Agreement.

SECTION 3. BENEFITS:

All provisions of the Town Code and regulations and rules of Town relating to vacation and sick leave, medical, dental, vision, retirement (2% at 60 formula, 36-month highest average salary) and pension system contributions, holidays, cash out provisions, and other fringe benefits and working conditions pertaining to Town Management (At-Will/Unrepresented) Employees as they now exist or hereafter may be amended, except as otherwise set forth herein, also shall apply to MANAGER. Nothing in this Agreement shall affect any vacation, personal leave, administrative leave, sick time, pension system contributions or accurals, or other benefits which MANAGER has accrued and is owed or attributable to MANAGER as of the date of this Agreement, all of which shall remain accrued, owing, and attributable to MANAGER until used or redeemed by MANAGER.

SECTION 4. HOURS OF WORK AND LEAVE BENEFITS:

A. Regular Hours. MANAGER's duties may involve expenditures of time in excess of eight (8) hours per day and/or forty (40) hours per week, and may also include time outside normal office hours such as attendance at Town Council and other meetings. MANAGER shall not be entitled to additional compensation for any work performed in excess of the TOWN's regular workweek.

B. Administrative Leave. It is recognized that MANAGER must devote a great deal of her time outside normal office hours without benefit of paid overtime in the conduct of TOWN business, and, to that end, MANAGER shall be entitled to administrative leave in an equivalent amount to that granted Town Management (At-Will/Unrepresented) Employees,

which the parties agree is five (5) days per year. MANAGER shall be entitled to accrue, use or redeem administrative leave in whatever manner is permitted pursuant to Town policy, as same may be amended from time to time by action of the Town Council.

C. Personal Leave. MANAGER shall be entitled to personal leave in the amount of six (6) days per year. MANAGER shall be entitled to accrue, use or redeem personal leave in whatever manner is permitted pursuant to Town policy, as same may be amended from time to time by action of the Town Council.

D. Vacation Leave. MANAGER shall be entitled to vacation leave in the amount of 25 days per year. MANAGER shall be entitled to accrue, use or redeem personal leave in whatever manner is permitted pursuant to Town policy, as same may be amended from time to time by action of the Town Council.

E. Sick Leave. MANAGER shall be entitled to sick leave in the amount of 12 days per year. MANAGER shall be entitled to accrue, use or redeem personal leave in whatever manner is permitted pursuant to Town policy, as same may be amended from time to time by action of the Town Council.

F. Mileage Reimbursement, Cell Phone Stipend, Holidays, Bereavement/Compassion Leave, Flexible Health Spending Account, Employee Assistance Program, and Other Fringe Benefits. MANAGER shall be entitled to mileage reimbursement, cell phone stipend, holidays, bereavement/compassion leave, Flexible Health Spending Account, Employee Assistance Program, and other fringe benefits as they now exist or hereafter may be amended for Town Department Directors.

SECTION 5. TECHNOLOGY:

A. Technology. TOWN agrees to budget, within the budget amount approved by the TOWN, a technology budget to assist MANAGER in keeping technologically current and personal productivity high. The technology improvements will be used to pay the cost of acquisition of equipment and purchase of services related to information systems, data handling, communications and productivity and shall be budgeted for the good of the Town in accordance with approved budgeting limitations. Purchases for technology improvements shall remain the property of the TOWN.

SECTION 6. ADDITIONAL EXPENSES:

A. Dues and Subscriptions. TOWN agrees to pay the professional dues and subscriptions of MANAGER necessary for her continuation and full participation in such national, regional, state and local associations and organizations as are necessary and desirable for her continued professional participation, growth, and advancement and for the good of TOWN in accordance with approved budgetary limitations.

B. Professional Development. TOWN agrees that attendance at ICMA, League of California Cities, American Leadership Forum, and other professional development activities is

both beneficial and expected. TOWN hereby agrees to pay the travel, lodging, and subsistence expenses of MANAGER for professional and official travel, lodging, meetings, and occasions, and for short courses, institutes and seminars necessary to continue the professional development of MANAGER, and to adequately pursue necessary official and other functions for TOWN, in accordance with approved budgetary limitations. Notwithstanding the above, appropriate prior knowledge and approval of the Town Council must be obtained prior to the regsitering and expenditure of funds for conferences, seminars, forums or other professional development that exceeds the length one (1) day. "Appropriate prior knowledge and approval of the Town Council" shall mean that the MANAGER shall give at least four (4) weeks written notice to the Town Council prior to registering for any professional development event that exceeds the length of one (1) day and approval of the Town Council shall be deemed given unless any Town Council member states in writing that they desire a closed session to discuss the matter.

C. **Executive Expenses.** TOWN recognizes that certain expenses of a non-personal and job-affiliated nature are incurred by MANAGER and hereby agrees to reimburse such expenses upon presentation of a receipt and submission of the appropriate confining purchase requisition to the Mayor and Town Finance Department, in accordance with approved budgetary limitations and subject any policies and guidelines the Town Council may impose.

SECTION 7. TERM; TERMINATION:

A. **Term of Agreement**. This Agreement shall commence upon execution by the parties and become effective September 2, 2015 and extend indefinitely until terminated as provided hereinafter.

B. **At-Will Employment**. MANAGER's employment with the Town is "at-will" and MANAGER serves at the pleasure of the Town Council, pursuant to Section 2.30.260 of the Municipal Code. As such, a majority of the Town Council may terminate MANAGER's employment at any time, with or without cause, with or without advance notice, subject only to the hearing requirements set forth in Municipal Code sections 2.30.285, as amended by the Town Council on August 18, 2015.

C. **Termination Without Cause.** In the event that TOWN terminates MANAGER's employment for reasons other than those set forth in subsection D below, including without limitation, for no reason stated, within the term of this Agreement, or any extensions, TOWN agrees to pay MANAGER a cash payment equal to six (6) months of the MANAGER's then current salary and any benefits that are lawfully required to be continued pursuant to COBRA and other statutes. Following such six (6) month period, MANAGER retains the right to participate in Town health and related benefit programs, should such programs be instituted during the term of this Agreement, at MANAGER's own and sole expense pursuant to the terms of COBRA. MANAGER shall be compensated for any unused vacation leave, holidays, and other benefits then accrued consistent with Town policies. The schedule of the payment pursuant to this section shall be at the sole discretion of the MANAGER.

D. **Termination With Cause**. The TOWN may terminate MANAGER's employment hereunder at any time for cause subject to the provisons of Los Gatos Municipal Code Section

2.30.285. No lump sum cash payment or other severance pay shall be due MANAGER upon any termination for cause. For purposes of this Agreement, "cause" shall mean any of the following: (i) a gross or habitual failure to perform the functions and duties of the Town MANAGER or any other obligations as required by the terms of this Agreement; (ii) Any other intentional or grossly negligent action or inaction by MANAGER that materially and substantially: (A) impedes or disrupts the operations of the TOWN or its organizational units; (B) is detrimental to employee or public safety; or (C) violates properly established rules or procedures of the Town causing a material and substantial adverse effect on the TOWN's interests as clearly defined and delineated by properly established Town Council action taken by the Town Council as a body, policy, regulations or ordinances of the TOWN; (iii) That MANAGER has been willfully and intentionally absent without leave, or has willfully and intentionally failed to report after leave of absence has expired; (iv) That Manager has willfully failed or refused to appear in obedience to lawful process or order of the Town Council or to answer questions under oath, before the TOWN Council or before a duly authorized committee of Congress of the United States or of the Legislature of the State of California, or a committee or subcommittee of said Congress or Legislature, or before any authorized court, office or tribunal, or before a Grand Jury, on any subject relating to (1) matters connected with the conduct of official business of the TOWN or of any division, department, board or commission thereof, or (2) any of the matters set forth in sections 1028 and 1028.1 of the Government Code of the State of California; or (v) That Manager has been convicted of a misdemeanor involving a crime of moral turpitude or a felony, or entry of a plea of nolo contendere with regard to a misdemeanor involving a crime of moral turpitude or a felony.

E. Voluntary Resignation. MANAGER may voluntarily resign her position with TOWN before expiration of the term of this Agreement by giving TOWN sixty (60) days prior written notice. No lump sum cash payment or other severance pay shall be due MANAGER upon any voluntary resignation.

F. Termination Based on Disability or Death. In the event MANAGER is permanently disabled, as determined by MANAGER's duly licensed physician, or is otherwise unable to perform her duties because of sickness, accident, injury, mental incapacity or health reasons for a period of three (3) consecutive months beyond any accrued sick leave, Town may terminate this Agreement.

G. Limitation on Removal. Pursuant to Los Gatos Municipal Code Section 2.30.290, notwithstanding anything to the contrary herein, TOWN may not remove MANAGER from office during or within any period of 30 days following any general municipal election held in the Town at which election a member of the Town Council is elected.

H. Limitation on Obligation. Notwithstanding anything to the contrary herein, TOWN shall not be obligated to pay, and shall not pay, any amounts or continue any benefits under this agreement if MANAGER is terminated in the event MANAGER is convicted of a crime involving an abuse of her office or position. Any paid leave salary offered by TOWN to MANAGER pending an investigation shall be fully reimbursed by MANAGER if MANAGER is convicted of a crime involving an abuse of her office or position. For the purposes of this section, "abuse of office or position" means and is limited to the definition under Government

Code section 53243.4 either of the following: (a) an abuse of public authority including but not limited to waste, fraud, and violation of the law under color of authority; or (b) a crime against public justice, including but not limited to, a crime described in Title 7 (commencing with Section 92) of Part 1 of the California Penal Code.

SECTION 8. GENERAL PROVISIONS:

A. Entire Agreement. This Agreement shall constitute the full, complete and exclusive agreement between the parties hereto and shall supersede all prior and contemporaneous agreements, understandings and representations regarding the subject matter hereof, whether oral or written.

B. Indemnification. TOWN agrees to defend, hold harmless and indemnify MANAGER against any tort, professional liability claim or demand, or other legal action, whether groundless or otherwise, arising out an alleged act or omission occurring in the performance of MANAGER's duties. TOWN, at its direction, is not required to indemnify MANAGER for any illegal or criminal acts for which a court of competent jurisdiction has determined, without possibility of appeal, was committed by MANAGER.

C. Bonding Requirements. TOWN shall bear full cost of the Fidelity Bond required of MANAGER under any law or ordinance.

D. Assignment. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by TOWN and MANAGER and their respective successors, assigns, heirs and executors, except that MANAGER may not assign this Agreement or delegate any of her obligations hereunder and may only assign her rights hereunder with the prior written consent of TOWN.

E. Severability. If any provision, or any portion thereof, contained in this Agreement is held to be unconstitutional, invalid, or unenforceable, the remainder of this Agreement or portion thereof shall be deemed severable, shall not be affected and shall remain in full force and effect.

F. Notices. Any notice required under this Agreement shall be in writing, shall be sent by personal delivery, courier or first class mail, return receipt requested, and shall be deemed effective upon receipt.

G. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California, without regard to its conflicts of laws principles.

H. Attorney's Fees. In the event of any dispute between the parties hereto relating to or arising out of this Agreement, the prevailing party shall be entitled to receive its reasonable attorneys' fees and costs, in addition to any other relief it may receive.

IN WITNESS WHEREOF, the Town of Los Gatos has caused this Agreement to be signed and executed in its behalf by its Mayor, and duly attested to by its Town Clerk, and the MANAGER has signed and executed this Agreement the day and year first above written.

TOWN OF LOS GATOS

Mayor Marcia Jensen

MANAGER

Laurel Prevetti

ATTEST:

Shelley Neis, Town Clerk Administor

APPROVED AS TO FORM:

Robert W. Schultz, Town Attorney

MEETING DATE: 09/01/2015
ITEM NO: 4

COUNCIL AGENDA REPORT

DATE: AUGUST 27, 2015

TO: MAYOR AND TOWN COUNCIL

FROM: ROBERT W. SCHULTZ, TOWN ATTORNEY
RUMI PORTILLO, HUMAN RESOURCES DIRECTOR

SUBJECT: EMPLOYMENT AGREEMENT FOR NEW TOWN MANAGER

RECOMMENDATION:

Approve the employment agreement with Laurel Prevetti for appointment to Town Manager and authorize the Mayor to execute the agreement.

BACKGROUND:

In accordance with the Town's Municipal Code, the Town Manager is appointed by the Town Council. The terms and conditions of employment historically have been set forth in an employment agreement between the appointee and the Town. The employment agreement is established at the time of appointment and updated periodically on an as-needed basis.

The Town contracted with an executive search firm, Teri Black and Associates, for the recruitment of a new Town Manager. The recruitment process is now complete and the Town Council selected Laurel Prevetti from a pool of highly qualified candidates for the position.

DISCUSSION:

The attached employment agreement sets forth the terms and conditions of Laurel Prevetti's appointment to the position. Under the proposed agreement, Ms. Prevetti commences her position as the Town Manager on September 2, 2015. The proposed annual base salary is $203,000.

PREPARED BY: ROBERT W. SCHULTZ
TOWN ATTORNEY

RUMI PORTILLO
HUMAN RESOURCES DIRECTOR

Reviewed by: Interim Town Manager Finance

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CONCLUSION:

Approve the employment agreement between the Town and Laurel Prevetti and authorize the Mayor to execute the agreement on behalf of the Town.

ALTERNATIVES:

N/A

COORDINATION:

This memo was coordinated with the Town Manager's Office, Town Attorney, Finance and Human Resources.

FISCAL IMPACT:

The adoption of this agreement results in no new costs to the Town. The funding to support the salary and associated costs for the Town Manager's position is included in the Administrative Services program budget on an ongoing basis.

Attachment: Town Manager Employment Agreement between the Town of Los Gatos and Laurel Prevetti

Print Form

AGREEMENT / AMENDMENT ROUTING COVER SHEET

Initiating Department: Human Resources **Contact Name/Phone:** Heather x5739

Agreement Title: Town Manager Agreement - Laurel Prevetti

Term of Agreement: From September 2, 2015 **To** n/a

Date Approved By Council: September 1, 2015 **Item or Resolution #:** Item #4

Vendor Name: n/a **Vendor #:** n/a

Vendor Email: n/a **Vendor Phone:** n/a

Vendor Contact: n/a

Business License #: n/a **Expiration Date:** n/a

Insurance (IHH) #: n/a **Expiration Date:** n/a

☐ **Insurance waiver requested (a completed Release of Liability is attached)**

Please Select One:

☐ **This is a standard agreement form that has not been altered.**

☐ **Alterations have been made to the following paragraph(s)/section(s):**

Amount of Agreement: N/A **Program and Account #:** N/A

Routing	Action(s)	Date Completed	Signature
1. Clerk Administrator	1. Assign Agreement # 15.172 2. Check Insurance	9/2/15	
2. Finance	1. Confirm Funds Budgeted 2. Verify Purchasing Policy Compliance 3. Check Payment Terms	9/2/15	
3. Town Attorney	1. Approve Insurance Waiver 2. Sign Agreement	9/2/15	
4. Town Manager 9/2	1. Sign Agreement (MAYOR)	9.2.15	
5. Clerk Administrator	1. Scan and file agreement 2. Notify Department (Department sends agreement to vendor)	9.2.15	

Agreement Narrative:

If your agreement has gone before the Town Council for approval, please reference that fact and include a very brief description of the purpose of the agreement. If your agreement has not gone to the Town Council for approval, included a discussion of the purpose of the agreement, how the Town's purchasing procedures were followed, and any special instructions.

Please insert your narrative here:	Please see attached Staff Report - Council Meeting September 1, 2015 Agenda Item #4

Attachments:

- ☐ Agreement Signed by Vendor. Identify number of duplicate originals: one
- ☐ Exhibits to Agreement (Please list) n/a
- ☐ Copy of insurance certificates or Release of Liability
- ☐ Originals of Bonds issued for contract
- ☐ First page of Town Council Report