

**CITY OF TEMECULA  
AGENDA REPORT**

**TO:** City Council

**FROM:** Peter M. Thorson, City Attorney

**DATE:** May 10, 2022

**SUBJECT:** Approval of Fourth Amendment to City Manager Aaron Adams' Employment Agreement

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**RECOMMENDATION:** That the City Council approve the Fourth Amendment to City Manager Aaron Adams' Employment Agreement.

**DISCUSSION:** On June 11, 2013 the City Council approved the Employment Agreement for Aaron Adams as the City Manager. The Employment Agreement was amended on February 14, 2017, July 1, 2017 and June 11, 2019. At the closed session on April 26, 2022, Council directed the City Attorney to prepare an amendment to Mr. Adams' employment agreement changing certain terms.

The following table summarizes the changes in the terms of Mr. Adams' Employment Agreement that would be made in the proposed Fourth Amendment followed by an explanation of the changes:

1. **Salary (Section 4.A.).** Mr. Adams' annual base salary will increase to \$274,206 retroactive to July 1, 2021.
2. **Annual Salary Adjustment (Section 4.B).** Each year on July 1 for the term of the Agreement, beginning July 1, 2022, the City Manager's annual base salary would be increased by the higher of:
  - 1) A Cost of Living Adjustment not to exceed 3%, as further described below; or
  - 2) A compaction adjustment necessary to keep the annual base salary of the City Manager 10% higher than the top step of the base salary range of the City's next highest paid classification, as further described below.

Amendment No. 4 defines the annual Cost of Living Adjustment in the same way as defined in the City Manager's current Employment Agreement. The COLA shall be the lower of either the percentage change in the Annual Consumer Price Index (CPI) for Urban and Clerical Workers for Riverside-San Bernardino-Ontario, CA for the prior calendar year as compared to the Annual CPI of two calendar years prior or 3%.

Amendment No. 4 provides that consistent with the City's Classification and Compensation plan, the Employee, as City Manager, shall be the highest paid employee of the City. The annual base salary of the City Manager shall never be less than 10% higher than the top step of the base salary range of the City's next highest paid classification. Any change to the City Manager's salary in order to comply with this provision shall not be effective until adopted by the City Council during

an open session of a duly noticed public meeting and included on a publically available pay schedule. Except as mutually agreed, such increase will be retroactive to the date of the increase for the next highest paid employee.

All of the other provisions of Mr. Adams' existing Employment Agreement, as amended, would remain in effect without any changes.

**FISCAL IMPACT:** If the proposed Employment Agreement is approved: (1) Base salary cost would increase by \$15,522 for the period of July 1 2021 to June 30, 2022; (2) potential cost of the COLA or compaction adjustment beginning July 1, 2022 are not known at this time as the COLA cost would be calculated based on the changes in the Consumer Price Index each year and general employee compensation adjustments.

**ATTACHMENTS:**

1. Proposed Fourth Amendment to Employment Agreement for Aaron Adams; and
2. Original Employment Agreement for Aaron Adams, First Amendment, Second Amendment and Third Amendment.