

## MEMORANDUM

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**DATE:** February 18, 2020

**TO:** Honorable Mayor and City Commission

**VIA:**

**FROM:** Kenneth Fields, City Manager

**RE:** Sixth Amendment of the City Manager's Contract

### **SYNOPSIS**

The City Manager's annual review date allows for the renewal and modification of his contract, in addition to providing for an annual increase and/or bonus. The City Manager is requesting that there be no change in salary or bonus; that he be provided the option of purchasing his past Lake Wales and other Florida local government service time at no cost to the City if that is approved in accordance with the rules of the Lake Wales General Employee Pension Fund.

### **RECOMMENDATION**

It is requested that the City Manager's contract be amended as requested in light of his past service to the City and his desire to continue his employment relationship into the future.

### **BACKGROUND**

The City Manager's initial contract provided that the City Manager would not be provided with health insurance by the City and the City Manager would not participate in the City General Employee Pension Fund. Instead, the City contributes to its 401(a) retirement programs on his behalf in addition to the 5% employee contribution required under City policy up to the IRS maximum allowed amount. The City Manager is requesting that if the General Employee Pension Fund is modified to provide for the purchase of prior service time in other Florida local governments, he be given the option to purchase, entirely at his expense such prior time along with his prior service time with the City of Lake Wales. Allowing the City Manager to join the General Employee Pension Plan would reduce the City's retirement contribution by approximately \$40,000 annually and create no additional pension liability since the prior service time would be paid entirely by the City Manager.

### **OTHER OPTIONS**

Make no change in the current contract.

### **FISCAL IMPACT**

If the City Manager joins the General Employee Pension Plan and purchases entirely at his cost his prior service time there would be an annual savings of approximately \$40,000 from the reduced City retirement contribution. Additionally, if the City Manager enters the DROP program there would be an additional savings of approximately \$11,000 per year.