

**EMPLOYMENT AGREEMENT  
BETWEEN THE CITY OF AUBURN AND GRETCHEN JOHNSON,  
FINANCE DIRECTOR**

**RECITAL**

The City Manager has selected Gretchen Johnson (hereafter, "Department Director") to serve as the Finance Director of the City of Auburn (hereafter, the "City") effective February 12, 2024, and Gretchen Johnson accepts such employment subject to approval of this employment agreement (hereafter, this "Agreement"). Accordingly, the parties agree as follows:

**AGREEMENT**

**1. Effective Date**

This Agreement shall become effective on February 12, 2024, after it has been executed by Department Director and the City Manager and duly approved by Resolution of the City Council.

**2. Term of Employment**

Pursuant to the provisions of the Auburn Municipal Code Section 31.058(I), Department Director serves at the pleasure of the City Manager and on an "at will" basis and has no property interest in or right to her continued employment during the term of this Agreement, subject to the terms and provision of this Agreement as set forth below. This Agreement will remain in full force and effect until one of the parties terminates it as provided in this Agreement.

**3. Duties; Hours of Work**

A. Department Director shall perform those functions and duties specified by State law, the Auburn Municipal Code, any applicable job description, and by direction of the City Manager. Department Director shall perform such duties in accordance with the highest professional and ethical standards of the Department Director position. Department Director shall not engage in any activity, which is, or which may become, incompatible with the City of Auburn or office of Department Director, as provided for by federal, state, and local law. During the term of this Agreement, Department Director shall be exclusively employed by the City, unless prior written authorization otherwise is received from the City Manager, which authorization will not be unreasonably withheld.

B. Department Director shall maintain a regular work schedule consistent with that approved for other management employees of the City. Department Director's duties may require more than 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 City Council and Commission meetings. Department Director is an exempt employee under the Fair Labor Standards Act and shall not be entitled to additional compensation for such time.

#### 4. **Compensation**

A. Department Director shall receive an annual base salary of \$162,227.00 payable in equal bi-weekly payments to be made at the same time as other employees are paid.

B. Department Director's compensation shall be reviewed with the City Manager at least annually in connection with the annual review required by Section 14. below or at other times as may be determined by City Manager. Merit based salary increases within the Senior Executive Pay Plan for Department Directors (the "Control Points range") are at the sole discretion of the City Manager during the term of this Agreement, dependent on the quality of job performance by Department Director as determined by the City Manager and the City's fiscal condition.

C. Salary increases are based on merit only and may be revoked in the event Department Director receives an unsatisfactory evaluation, either at the annual evaluation or at any additional evaluation completed by the City Manager. In the event the City Manager revokes a salary increase based on an unsatisfactory evaluation, Department Director's salary shall be decreased to an appropriate step on the Control Points range as determined by the City Manager.

D. The City Manager may, on an annual basis, award special performance one-time cash bonuses not to exceed 15% of Department Director's base salary. These one-time cash bonuses may be given any time during the year provided the employed received at least a Standard rating on his/her last evaluation. Such one-time cash bonuses are not considered pensionable compensation.

E. Department Director will be responsible for 100% of the employee contribution to the California Public Employees Retirement System (CalPERS), which, for those employees classified as "miscellaneous" employees under CalPERS, is currently 7% for "classic" CalPERS members. Public Employees' Pension Reform Act of 2013 (PEPRA) employees shall contribute fifty percent (50%) of the total normal cost of the CalPERS retirement plan, as determined by CalPERS each fiscal year.

5. **Health, Dental and Vision Insurance**

A. City shall pay up to the following amounts per month for health insurance coverage for 2024:

(i) Employee only	\$ 937.11
(ii) Employee + spouse	\$ 1,874.25
(iii) Employee + family	\$ 2,435.91

B. During the term of this Agreement, the following participation formula shall apply: The City will pay eighty percent (80%) and employees will pay twenty percent (20%) of the average increase in premiums occurring in those CalPERS plans offered to City employees in the 95603 zip code area (excluding the highest and lowest cost plans).

C. Department Director may elect not to receive health coverage from the City. Directors who elect not to receive health coverage from the City will be required to sign a release form. Any employee who signs a release form shall receive monthly payments of \$890.00, which payments are considered taxable compensation and subject to state and federal withholding.

D. City shall pay for a dental plan with a \$1,500.00 maximum benefit and vision plan for employee and covered dependents.

6. **Life Insurance**

City shall provide term life insurance in the amount \$300,000.00. Such life insurance shall be provided through the same insurance company providing life insurance to other City employees, or by another insurer acceptable to City.

7. **Administrative and Executive Leave**

A. Department Director shall be entitled to 80 hours' administrative leave per fiscal year (July 1 through June 30). In the event such leave is not used, Department Director may receive equivalent cash compensation therefore, in full or in part, for accrued but unused administrative leave. No amount of unused administrative leave time may be accumulated and carried over past the end of any fiscal year (June 30).

B. Department Director may receive additional executive leave, which may be awarded based upon job performance by the City Manager in an amount between one and five days per fiscal year (July 1 through June 30). No amount of unused

executive leave time may be accumulated and carried over past the end of any fiscal year (June 30) and cannot be cashed out at any time.

**8. Annual Vacation Leave**

A. Department Director shall be entitled to between 12 days (96 hours) and 23 days (184 hours) annual vacation leave dependent upon years of employment with the City as follows:

(i) one through two years of service	12 days (96 hours)
(ii) three through five years of service	15 days (120 hours)
(iii) six through ten years of service	17 days (136 hours)
(iv) eleven through fifteen years of service	21 days (168 hours)
(v) sixteen or more years of service	23 days (184 hours)

B. Department Director may receive equivalent cash compensation, in full or in part, at any time during the year for unused vacation leave. For vacation leave of more than one week at a time, Department Director must provide sufficient notice of her intended vacation absence to the City Manager. Department Director shall accrue no more than twice the number of hours of vacation leave he or she is entitled to annually.

**9. Other Leaves and Benefits**

All other holidays, personal leave, family leave, bereavement leave, or sick leave shall be as provided to other management employees of the City. City shall afford Department Director such other benefits as are provided to other management employees of the City on the same terms as provided to those employees except as otherwise expressly provided herein.

**10. Automobile Allowance/Cell Phone Allowance**

A. In recognition of the fact that the Department Director's normal duties require frequent use of her automobile, Department Director shall be entitled to \$300.00 per month as an automobile allowance. This allowance is subject to employee withholding tax and is not pensionable compensation. This allowance is in lieu of mileage reimbursement or other expenses that may be incurred by Department Director in connection with the use of her own automobile for City purposes. In consideration for said allowance, Department Director shall be responsible for all costs of maintenance and operation of her vehicle. Department Director shall at all times maintain automobile liability insurance on any vehicle used by her in the course of City employment. Such insurance shall have coverage limits acceptable in form and amounts

to City. Department Director shall provide a certificate or other evidence of such insurance to City. Department Director acknowledges that this allowance will be subject to payroll taxes unless he or she maintains the records required by law to permit other treatment of this allowance.

B. In recognition of the fact that Department Director's normal duties require frequent use of a cell phone, Director shall be entitled to Ninety Dollars (\$90.00) per month as a cell phone allowance. Director acknowledges that this allowance will be subject to payroll taxes unless Director maintains the records required by law to permit other treatment of this allowance.

**11. Technology Allowance**

Department Director shall receive a one-time technology allowance in the amount of \$1,500.00, upon approval and with prior authorization of the City Manager, for purposes of carrying out her duties under this Agreement.

**12. Professional Memberships & Meetings; Other Expenses**

City recognizes that certain expenses of a non-personal and job-related nature may be incurred by Department Director. City agrees to reimburse Department Director for reasonable expenses which are authorized by the City budget, approved of in advance by the City Manager, and which are supported by expense receipts, statements or personal affidavits, and audited in like manner as other demands against the City.

**13. Retirement Program and Deferred Compensation**

City shall provide the same CalPERS retirement benefits to Department Director as are received by other employees of the City who are classified as "miscellaneous" employees under CalPERS. "New" members, as that term is defined in the Public Employees' Pension Reform Act of 2013 (PEPRA), will receive retirement benefits calculated at a benefit formula of 2% at age 62. "Classic" CalPERS (i.e., those members not defined as "new members" under PEPRA) will receive retirement benefits calculated at a benefit formula of 2% at age 55. City shall contribute 1% of annual base salary into a deferred compensation plan of Department Director's choice.

**14. Annual Performance Evaluation**

The City Manager shall evaluate Department Director's performance at least once annually. The City Manager and Department Director shall annually develop mutually agreed performance goals and criteria which the City Manager shall use in reviewing Department Director's performance in the following year. It shall be Department Director's responsibility to initiate this review each year. Department

Director will be afforded an adequate opportunity to discuss each evaluation with the City Manager.

**15. Indemnification**

City shall defend, hold harmless, and indemnify Department Director against any claim, demand, judgment, or action of any type or kind arising within the course and scope of Department Director's employment to the extent required by Government Code Sections 825 and 995.

**16. Other Terms and Conditions of Employment**

A. The City Manager may from time to time fix other terms and conditions of employment relating to the performance of Department Director, provided such terms and conditions are not inconsistent with or in conflict with the provision of this Agreement, the Auburn Municipal Code, or other applicable law.

B. The provisions of the City's Personnel Rules and Regulations ("Rules") applicable to other management employees of the City shall apply to Department Director, except that if the specific provisions of this Agreement conflict with the Rules, the terms of this Agreement shall prevail. Without limiting the generality of the exception noted in the previous sentence, however, no provision of the Rules or this Agreement shall confer upon Department Director a property right in her employment or a right to be discharged only upon cause. Department Director is an at-will employee serving at the pleasure of the City Manager and may be dismissed at any time with or without cause, subject only to the provisions of this Agreement.

C. Department Director shall be exempt from paid overtime compensation and from Social Security taxes other than the mandatory Medicare portion of such taxes.

**17. Termination**

A. Department Director is not part of the competitive (classified) service and therefore is an at-will employee. As an at-will employee, Department Director may be terminated with or without cause, and without advance notice.

B. If Department Director is terminated by the City Manager without cause, Department Director, after termination and upon executing a claim waiver and release of liability, will be entitled to six months of severance pay at Department Director's base salary rate. The severance pay will be paid at the time of separation from City employment.

C. If Department Director is terminated by the City Manager for cause, Department Director is not entitled to any severance pay whether or not advance notice is provided. If Department Director is terminated for cause, Department Director must be given notice of the cause and supporting evidence. Department Director is entitled to meet with the City Manager at which time Department Director may reply orally and/or in writing to the cause and supporting evidence. The meeting is not an evidentiary hearing. There is no right to appeal the City Manager's decision. The City Manager's decision is final. For purposes of this Agreement, the term "for cause" shall include any of the following:

- (i) use of alcohol or drugs that impedes performance of duties;
- (ii) conviction of a felony or misdemeanor involving moral turpitude (a plea or verdict of guilty or a conviction following a plea of nolo contendere is deemed a conviction for this purpose);
- (iii) a proven claim of either sexual harassment or abuse of employees in violation of law or adopted City policy;
- (iv) willful and repeated failure to carry out the lawful directives or policy decisions of the City Council or the City Manager; or
- (v) willful abandonment of the position or continued and unexcused absence from duty.

D. Department Director may voluntarily terminate employment, by resignation or retirement or some similar other manner, at any time during the term of this Agreement, subject to at least 30 days' written notice by Department Director to the City Manager, unless the City Manager and Department Director agree otherwise. In such case, City shall have no further obligation to provide payments and benefits, including severance benefits, upon the effective date of termination of employment, other than payment of accrued vacation leave or other payments required by law.

## **18. Compliance With Law**

This Agreement is subject to all applicable provisions of federal and state law, the provisions of the Auburn Municipal Code, and to any other ordinances, rules, and regulations of the City applicable to the Department Director.

## **19. General Provisions**

A. This Agreement constitutes the entire agreement between the parties. City and Department Director hereby acknowledge that they have neither made nor accepted any other promise or obligation with respect to the subject matter of this Agreement.

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

C. Any notice to City pursuant to this Agreement shall be given in writing, either by personal service or by registered or certified mail, postage prepaid, addressed as follows:

City Manager  
City of Auburn  
1225 Lincoln Way  
Auburn, CA 95603-5004.

With a courtesy copy to the City Attorney at the following address or the address then shown in the records of the City for the City Attorney:

Gary B. Bell, Esq.  
Auburn City Attorney  
333 University Drive, Ste. 200  
Sacramento, CA 95825.

Any notice to Department Director shall be given in a like manner, and, if mailed, shall be addressed to Department Director at the address then shown in City's personnel records. For the purpose of determining compliance with any time limit stated in this Agreement, a notice shall be deemed to have duly given (a) on the date of delivery, if served personally, or (b) on the second calendar day after mailing, if mailed.

D. Venue for any disputes arising from or relating to this Agreement shall lie in the Superior Court for the County of Placer, California. If an action at law or in equity is necessary to enforce or interpret this Agreement, the prevailing party shall be entitled to reasonable and actual attorneys' fees and costs with respect to the action.

E. A waiver of any of the terms and conditions of this Agreement shall not be construed as a general waiver and either party shall be free to enforce any term or condition of this Agreement with or without notice to the other notwithstanding any prior waiver of that term or condition.

## 20. Amendments

This represents the entire agreement between the parties. Amendments to this agreement may be made at such times as approved by the City Manager and Department Director and shall be in writing.



TO EFFECTUATE THIS AGREEMENT, the parties have caused their duly authorized representatives to execute this Agreement on the dates set forth below.

DEPARTMENT DIRECTOR

Dated: 2/13/24

Gretchen Johnson  
Gretchen Johnson  
Finance Director

CITY

Dated: 2/13/24

Sean Rabé  
Sean Rabé, City Manager

APPROVED AS TO FORM:

Dated: 2/12/24

Gary B. Bell  
for Gary B. Bell, City Attorney

ATTEST:

Dated: 2/13/24

Amy Lind  
Amy Lind, City Clerk