County of San Mateo

Inter-Departmental Correspondence

Department: BOARD OF SUPERVISORS
DISTRICT 4
File #: 24-395 Board Meeting Date: 6/11/2024

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Warren Slocum, Supervisor - District 4

Subject: Authorization of an Agreement with County Executive

RECOMMENDATION:
Adopt a resolution authorizing and directing the execution of a new agreement with Michael Callagy for his services as the County Executive for a new four year and seven month term.

BACKGROUND:
Michael Callagy was appointed by this Board as the County Executive (also sometimes referred to as "County Manager") effective November of 2018. Initially, the County and Michael Callagy entered into a written agreement for Mr. Callagy to serve as the County Executive for a two year term ending in October of 2020 and the agreement was later amended to extend the term through October of 2024.

Mr. Callagy began his public service career as a police officer for the City of San Mateo in 1984. He rose through the ranks, becoming the Deputy Chief of Police in 2007. In 2013, he was hired as a Deputy County Manager for the County of San Mateo and he was promoted to Assistant County Manager in April 2016.

Mr. Callagy has Bachelors and Masters in Public Administration degrees from Notre Dame de Namur University; a Masters in Arts degree in Homeland Security and Defense from the Naval Postgraduate School; and a Juris Doctor degree from Santa Clara University.

Mr. Callagy has a proven track record of forming critical community partnerships and leveraging resources through collaboration. He has successfully led the administration of the County for the last 6 years, including seeing the County through the unique challenges of the COVID-19 pandemic.

DISCUSSION:
Adopting the recommended resolution will retain Michael Callagy to serve as County Executive through December 31, 2028, and will authorize the execution of an agreement setting forth the salary

and terms of employment to be provided in connection with these services.

The Agreement provides that Mr. Callagy will be employed for a new four-year and seven month term as County Executive. At the end of the term, he may continue service on terms determined by the parties at that time. The Agreement provides for compensation and benefits in line with those already set forth in the County Resolution Establishing the Salary and Benefits of Unrepresented Management employees, with the following additions:

- In order to avoid compaction issues, the County Executive's salary shall, at all times during the term of this Agreement, be at least 10% above the salary of the highest paid appointed department head directly reporting to the County Executive. At present, this will result in a 4% increase to the County Executive's current salary.
- Twelve (12) hours of vacation time per pay period, with a cap on vacation accrual of 624 hours;
- County contribution to a defined contribution plan in an amount equivalent to nine percent (9%) of his base salary and longevity pay, which is a 3% increase from his prior Agreement;
- Upon County Executive's retirement, if it occurs concurrently with separation from County service, the County will pay $800 toward the County Executive's monthly healthcare premium for each eight (8) hours of unused sick leave for one month of the retiree health plan, which is a $400 increase above what all similarly situated managers would be entitled to pursuant to existing County resolutions; and
- If the County terminates this agreement without cause, the County Executive will be entitled to severance pay in an amount equivalent to twelve (12) months' salary, or salary for whatever time remaining in the term of the Agreement, not to exceed twelve (12) months, as well as payment of the County's share of the cost of continuing him in the County's health care benefits program for the same number of months.

Contracting with Mr. Callagy for a new term will provide continuity to his position, which in turn provides stable legal representation for the County.

<u>Financial Impact on County's Future Annual Costs</u>

Government Code section 7507 requires the County to provide the estimated financial impact that proposed changes to Other Pensionable Employee Benefits (OPEB) and Pension benefits would have on the future annual costs including but not limited to the annual dollar changes, or the total dollar changes involved as well as normal cost and any change to accrued liability.

As reflected in the attached letter from Milliman, the retiree health benefit reflected in this analysis is projected to increase the County's Actuarially Determined Contribution (ADC) by $5,200 in the first year.

Financial Impact on County's Retirement System

Government Code Section 31515.5 requires the County to provide the estimated financial impact that proposed benefit changes or salary increases for current employees would have on the funding status of SamCERA's retirement fund, the County's retirement system.

As reflected in the attached letter from SamCERA's actuary, Milliman, the changes reflected in this amendment that are in addition to the assumed annual salary increases of affected current employees, has no impact on the Actuarial Accrued Liability (AAL).

FISCAL IMPACT:
These actions represent an estimated annual salary and benefits cost of $41,079 and is projected to increase the County's Actuarially Determined Contribution by $5,200 in the first year. All other compensation and benefits for this position are set forth in the County's Resolution establishing the salary and benefits for the unrepresented Management Employees of the County.