



Regular Council **AGENDA ITEM REPORT**

To: City Council
Subject: Consideration of the City Manager Contract
Meeting: Regular Council Special Meeting - 22 Sep 2020
Department: City Manager
Staff Contact: George Lahanas, City Manager

BACKGROUND INFORMATION:

Consideration of the contract with City Manager George Lahanas

ATTACHMENTS:

[Proposed contract final- GL 09-2020.pdf \(002\)](#)

[Proposed contract final- GL 09-2020.pdf TRACKED CHANGES](#)

**EMPLOYMENT CONTRACT BETWEEN
GEORGE LAHANAS AND
THE CITY COUNCIL OF THE CITY OF EAST LANSING**

This Agreement (Contract) between the City Council (Council) of the City of East Lansing (City), and George Lahanas, (Manager) is effective September 22, 2020 through June 30, 2024. Council and Manager are collectively referred to as “the Parties.”

The Parties agree that pursuant to the City Charter, at Section 7.1.b., the Council is authorized to retain a City Manager.

THE PARTIES THEREFORE FURTHER AGREE AS FOLLOWS:

1. **Duties.** The Manager agrees to perform all the functions and duties of the office of City Manager as specified in the City Charter and to perform whatever legally permissible and proper additional functions shall be performed in a diligent, responsible, and equitable manner in accordance with the City Charter and policies established by the Council.
2. **Salary.** The annual salary of Manager shall be One Hundred Sixty Seven Thousand Dollars per year (\$167,000) which will be paid in bi-weekly installments. Effective July 1, 2021, July 1, 2022 and July 1, 2023 Manager salary shall be increased 1.75% per year.
3. **Performance Evaluation.** No later than May 31 of each year or as soon as reasonably practical thereafter, (beginning with May 31, 2022) Council shall meet in closed session, at the Manager’s request, to discuss the performance of Manager during the prior year.
4. **Automobile.** Manager shall be provided, in addition to salary, an automobile allowance of Three Thousand Six Hundred Dollars (\$3,600.00) per year. This allowance shall be paid in bi-weekly installments.
5. **Professional Development.** Professional development is understood to be a benefit for the City as well as to Manager. The Council agrees that Manager shall continue his professional development through professional memberships and participation in national, state and local organizations and meetings. The Council agrees to bear reasonable expenses which are incurred during the course of this professional development to an amount not to exceed the annual budgeted appropriation for such activity.
6. **General Expenses.** In addition to the expenses outlined in item number 5, the Council will provide the Manager with a line of credit which he may access in an amount not to exceed

Four Hundred Dollars (\$400) per month, to be utilized for the purpose of paying for job related expenses reasonably incurred in the fulfillment of the Manager's duties and in the conduct of City business, and attendance at meetings and conferences with state, local, and regional agencies and officials.

7. **Technology Support.** The Council agrees to provide for the Manager's professional and personal use a mobile telephone and computer at no cost to Manager. In consideration of the long hours spent in his/her primary City Hall office, the Council also hereby recognizes and approves incidental personal use of City telephone and computer equipment and agrees to pay the cost of the Manager's home internet connection at the normal City group rates.

8. **Employee Benefits And Additional Compensation.** Except as otherwise stated in this Contract, During his employment with the City, Manager shall be provided benefits received by all other non-union City employees. The Manager's benefits shall not include overtime or compensatory time for hours worked in excess of eight (8) hours per day or forty (40) hours per week. It is understood that the requirements of the position frequently require in excess of forty (40) hours per week.

The Manager shall receive the following in addition to or in lieu of comparable benefits received by all other City employees:

- A. The Council shall contribute an amount equal to ten and one-half percent (10-1/2%) of the Manager's base salary to the Michigan Municipal Employees Retirement System Hybrid Plan participant account for the Manager.
- B. The Council will secure term life insurance for the Manager with a benefit amount equal to three (3) times the Manager's annual salary.
- C. Upon full retirement of Manager from the City, but not before age 60, Manager will be provided with up to five years of family health insurance to bridge the time between work and Medicare eligibility. Upon Manager becoming eligible for and the start of Manager's Medicare coverage, City-provided health insurance shall cease. The coverage provided will be the same as the coverage provided to actively employed City employees. Coverage under this benefit is contingent upon its availability under the City's then existing health insurance plan and shall also be subordinate to any other health insurance that the Manager may have available. Should Manager die prior to this benefit being fully utilized, Manager's spouse shall be provided the benefit under the same terms and conditions.

D. Once per fiscal year Manager may elect to convert an additional 40 hours of banked PTO to cash. In order to make this conversion, Manager must maintain a balance of 80 hours in the PTO account at the time of the election cash in.

9. **Weekly Reports.** Manager shall generally provide a weekly report of significant events occurring at his direction. Such report shall be provided directly to members of Council.

10. **Other Employment.** Manager shall not undertake any additional employment. For purposes of this provision, additional employment does not include volunteer activities or professional organization positions or responsibilities even if incidentally compensated.

11. **Nature of Employment.** Manager shall serve at the pleasure of Council. Manager is an At-Will employee of Council.

12. **Duration of Contract.** This Contract commences on September 22, 2020 and continues, unless extended by agreement of the parties or by operation of this Contract, until midnight, June 30, 2024.

13. **Termination by Council.** With regard to termination of employment of Manager by Council prior to the expiration of this Contract, the parties specifically agree as follows:

A. This Contract may be terminated by Council upon 30 days written notice to Manager. Such notice need not provide any reason for the termination of the Contract.

In the event that: (i) Manager's employment is involuntarily terminated during the term of this Contract for any reason other than Manager's gross malfeasance or death, (ii) Manager is forced or asked to resign by Council for any reason other than Manager's gross malfeasance; (iii) this Contract expires without the Manager and Council entering into another mutually agreeable Employment Contract and with Council having failed to offer Manager a new contract that provides him with at least substantially similar compensation, benefits, severance and other terms as those contained in this Contract, or (iv) Manager resigns due to the City or Council's failure for any reason to pay him the full salary specified in Paragraph 2 of this Contract, then Council and the City agree to:

1. Pay Manager severance in the amount of one years' salary at the rate specified in Paragraph 2 of this Contract. Manager may choose, at his discretion, to have such severance paid in bi-weekly installments for a period of 12 months following Manager's last day of employment or paid in a single lump-sum on the first payroll date following Manager's last day of employment; and
2. Provide Manager and his family with health, dental and life insurance for a period of 12 months following Manager's last day of employment at the City's expense under the same policy and the same terms as Manager and his family received immediately prior to Manager's last date of employment. After such 12-month period, Manager may elect to continue his and his family's health and dental insurance coverage under COBRA at Manager's expense.

14. **Termination by Manager.** This Contract may be terminated by Manager upon 30 days written notice to Council. Such notice need not provide any reason for the termination of the Contract.

16. **Severability.** All agreements and covenants contained in this Contract are severable, and in the event any of them are held invalid by any court, the remaining portions of this Contract shall remain in full force and effect.

17. **Entire Contract.** This Contract contains the entire agreement of the parties and no other agreement between the parties, oral or written, shall have any force or effect after the effective date of this Contract.

The parties hereby certify that they have read this agreement in its entirety, understand its provisions and agree to comply with its terms and conditions.

MANAGER

George Lahanas, personally

CITY COUNCIL OF THE CITY OF EAST LANSING

On behalf of Council, Aaron Stephens, Mayor

**EMPLOYMENT CONTRACT BETWEEN
GEORGE LAHANAS AND
THE CITY COUNCIL OF THE CITY OF EAST LANSING**

This Agreement (Contract) between the City Council (Council) of the City of East Lansing (City), and George Lahanas, (Manager) ~~is executed on January 22, 2019 and is effective January 1, 2019~~ is effective September 22, 2020 through June 30, 2024. Council and Manager are collectively referred to as “the Parties.”

The Parties agree that pursuant to the City Charter, at Section 7.1.b., the Council is authorized to retain a City Manager.

THE PARTIES THEREFORE FURTHER AGREE AS FOLLOWS:

1. **Duties.** The Manager agrees to perform all the functions and duties of the office of City Manager as specified in the City Charter and to perform whatever legally permissible and proper additional functions shall be performed in a diligent, responsible, and equitable manner in accordance with the City Charter and policies established by the Council.

~~2. **Salary.** Commencing January 1, 2019 and continuing until Midnight, June 30, 2021, the annual salary of Manager shall be One Hundred Sixty Seven Thousand Dollars per year (\$167,000.00) which shall be paid in bi-weekly installments. A payment retroactive to January 1, 2019 will be paid in the first pay period of March, 2019 for the difference between the payments received by the Manager and the payment the Manager is entitled to under this Agreement.~~

2. The annual salary of Manager shall be One Hundred Sixty Seven Thousand Dollars per year (\$167,000) which will be paid in bi-weekly installments. Effective July 1, 2021, July 1, 2022 and July 1, 2023 Manager salary shall be increased 1.75% per year.

~~3. **Performance Evaluation.** No later than ~~October 15, 2019~~ May 31 of each year or as soon as reasonably practical thereafter, (beginning with ~~October 15, 2019~~ May 31, 2022) Council shall meet in closed session, at the Manager’s request, to discuss the performance of Manager during the prior year. ~~Based on that evaluation, Council may provide Manager with a bonus equal to no more than 3% of Manager’s salary as it was established on the preceding January 1. The award of any bonus shall be completely within Council’s discretion. The amount approved shall be paid, in lump sum, and added to the next regular bi-weekly pay period.~~~~

3. _____

4. **Automobile.** Manager shall be provided, in addition to salary, an automobile allowance of Three Thousand Six Hundred Dollars (\$3,600.00) per year. This allowance shall be paid in bi-weekly installments.

5. **Professional Development.** Professional development is understood to be a benefit for the City as well as to Manager. The Council agrees that Manager shall continue his professional development through professional memberships and participation in national, state and local organizations and meetings. The Council agrees to bear reasonable expenses which are incurred during the course of this professional development to an amount not to exceed the annual budgeted appropriation for such activity.

6. **General Expenses.** In addition to the expenses outlined in item number 5, the Council will provide the Manager with a line of credit which he may access in an amount not to exceed Four Hundred Dollars (\$400) per month, to be utilized for the purpose of paying for job-related expenses reasonably incurred in the fulfillment of the Manager's duties and in the conduct of City business, and attendance at meetings and conferences with state, local, and regional agencies and officials.

7. **Technology Support.** The Council agrees to provide for the Manager's professional and personal use a mobile telephone and computer at no cost to Manager. In consideration of the long hours spent in his/her primary City Hall office, the Council also hereby recognizes and approves incidental personal use of City telephone and computer equipment and agrees to pay the cost of the Manager's home internet connection at the normal City group rates.

8. **Employee Benefits And Additional Compensation.** Except as otherwise stated in this Contract, During his employment with the City, Manager shall be provided benefits received by all other non-union City employees. The Manager's benefits shall not include overtime or compensatory time for hours worked in excess of eight (8) hours per day or forty (40) hours per week. It is understood that the requirements of the position frequently require in excess of forty (40) hours per week.

The Manager shall receive the following in addition to or in lieu of comparable benefits received by all other City employees:

- A. The Council shall contribute an amount equal to ten and one-half percent (10-1/2%) of the Manager's base salary to the Michigan Municipal Employees Retirement System Hybrid Plan participant account for the Manager.

- B. The Council will secure term life insurance for the Manager with a benefit amount equal to three (3) times the Manager's annual salary.
- C. Upon full retirement of Manager from the City, but not before age 60, Manager will be provided with up to five years of family health insurance to bridge the time between work and Medicare eligibility. Upon Manager becoming eligible for and the start of Manager's Medicare coverage, City-provided health insurance shall cease. The coverage provided will be the same as the coverage provided to actively employed City employees. Coverage under this benefit is contingent upon its availability under the City's then existing health insurance plan and shall also be subordinate to any other health insurance that the Manager may have available. Should Manager die prior to this benefit being fully utilized, Manager's spouse shall be provided the benefit under the same terms and conditions.
- D. Once per fiscal year Manager may elect to convert an additional 40 hours of banked PTO to cash. In order to make this conversion, Manager must maintain a balance of 80 hours in the PTO account at the time of the election cash in.

9. **Weekly Reports.** Manager shall generally provide a weekly report of significant events occurring at his direction. Such report shall be provided directly to members of Council.

10. **Other Employment.** Manager shall not undertake any additional employment. For purposes of this provision, additional employment does not include volunteer activities or professional organization positions or responsibilities even if incidentally compensated.

11. **Nature of Employment.** Manager shall serve at the pleasure of Council. Manager is an At-Will employee of Council.

12. **Duration of Contract.** This Contract commences on January 1, 2019-September 22, 2020 and continues, unless extended by agreement of the parties or by operation of this Contract, until midnight, June 30, 2021. 2024.

13. **Termination by Council.** With regard to termination of employment of Manager by Council prior to the expiration of this Contract, the parties specifically agree as follows:

- A. This Contract may be terminated by Council upon 30 days written notice to Manager. Such notice need not provide any reason for the termination of the Contract.

~~Except for the reason of Manager's gross malfeasance, death, or voluntary resignation (for any reason), City will continue to pay the then-existing salary of Manager for a period of one year from the date of termination or until Manager is gainfully employed at a salary equal to or in excess of the salary established by this contract, whichever period is shorter. To the extent that Manager, in an arms-length negotiation, obtains employment with an annual salary less than provided by this Contract, City shall pay the difference between that salary and the salary provided by this Contract under the same terms and conditions previously stated in this section. Any such amount shall be paid by City in bi-weekly installments.~~

In the event that: (i) Manager's employment is involuntarily terminated during the term of this Contract for any reason other than Manager's gross malfeasance or death, (ii) Manager is forced or asked to resign by Council for any reason other than Manager's gross malfeasance; (iii) this Contract expires without the Manager and Council entering into another mutually agreeable Employment Contract and with Council having failed to offer Manager a new contract that provides him with at least substantially similar compensation, benefits, severance and other terms as those contained in this Contract, or (iv) Manager resigns due to the City or Council's failure for any reason to pay him the full salary specified in Paragraph 2 of this Contract, then Council and the City agree to:

1. Pay Manager severance in the amount of one years' salary at the rate specified in Paragraph 2 of this Contract. Manager may choose, at his discretion, to have such severance paid in bi-weekly installments for a period of 12 months following Manager's last day of employment or paid in a single lump-sum on the first payroll date following Manager's last day of employment; and
2. Provide Manager and his family with health, dental and life insurance for a period of 12 months following Manager's last day of employment at the City's expense under the same policy and the same terms as Manager and his family received immediately prior to Manager's last date of employment. After such 12-month period, Manager may elect to continue his and his family's health and dental insurance coverage under COBRA at Manager's expense.

~~B. _____~~

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~~C. _____ City shall continue to provide Manager with health, dental and life insurance benefits provided pursuant to this Contract for a period of twelve months from the date of termination or until the Manager is gainfully employed, whichever period is shorter. At the conclusion of any such period, Manager may elect to continue health coverage as provided by COBRA at Manager's expense.~~

14. **Termination by Manager.** This Contract may be terminated by Manager upon 30 days written notice to Council. Such notice need not provide any reason for the termination of the Contract.

~~15. **Renewal and Non-Renewal.** With regard to notification of Council's intention to renew, extend or replace this Contract; or, Council's decision to not renew this Contract, the parties specifically agree as follows:~~

~~A. Council shall notify Manager no later than one hundred twenty (120) days prior to the expiration of this Contract, or any expiration established by an extension of this Contract, of a decision that Council has determined to renew this Contract or that this Contract will not be renewed.~~

~~B. If Council decides to issue a notice of non-renewal, City will continue to pay the then existing salary of Manager and provide health, dental and life insurance benefits to Manager and Manager's family for a period of 90 days after the expiration of the Contract. Manager's salary shall be paid in bi-weekly installments. All provisions of this contract shall remain in full force and effect until the expiration of this contract.~~

~~C. Upon notification that this Contract or any extension of this Contract will not be renewed, Council, in its sole discretion may determine to suspend the employment of Manager until the expiration date of this contract with continued payment of all then existing salary and benefits. Such decision shall not reduce the benefit provided for in 15.B. above.~~

~~D. Upon notification that Council has decided to renew, replace or extend this Contract, the parties shall commence negotiations in good faith and expeditiously reach agreement on a renewal, replacement, or extension of this Contract. In the event the parties cannot reach agreement, Council shall promptly issue a notice of non-renewal and all other provisions of this section shall apply.~~

~~16. **Extension.** The parties may, at any time extend this Contract in writing with appropriate terms and conditions. Upon any failure of Council to timely notify Manager of nonrenewal, this contract shall automatically extend, in its entirety, for the period of days necessary to provide the Manager with the 120 days notice required by this Contract.~~

~~17.16. **Severability.** All agreements and covenants contained in this Contract are severable, and in the event any of them are held invalid by any court, the remaining portions of this Contract shall remain in full force and effect.~~

18.17. **Entire Contract.** This Contract contains the entire agreement of the parties and no other agreement between the parties, oral or written, shall have any force or effect after the effective date of this Contract.

The parties hereby certify that they have read this agreement in its entirety, understand its provisions and agree to comply with its terms and conditions.

MANAGER

George Lahanas, personally

CITY COUNCIL OF THE CITY OF EAST LANSING

On behalf of Council, ~~Mark Meadows~~ Aaron Stephens, Mayor