

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
15.1	06/27/16	Open	Action	06/24/16

Subject: Amend the General Manager/CEO's Employment Agreement

ISSUE

Whether or not to amend the Sacramento Regional Transit District General Manager/CEO's Employment Agreement, make the finding required by Government Code Section 7522.56, and delegate authority to the new General Manager/CEO to execute a Personal Services Agreement with Mike Wiley.

RECOMMENDED ACTION

Adopt Resolution No. 16-06-____, Approving the First Amended Employment Agreement with Michael R. Wiley as RT's General Manager/CEO, Making a Finding as Required by Government Code Section 7522.56, and Delegating Authority to the New General Manager/CEO to Execute a Personal Services Agreement with Mike Wiley.

FISCAL IMPACT

The proposed amendment will result in savings of \$134,833 to RT's operating budget for FY17. Additionally, the proposed amendment will result in an estimated savings of \$6,730 on an annual basis in connection with a reduction of Mr. Wiley's supplemental retirement benefit. Using conservative figures to estimate the duration of the benefit, this would result in a savings of at least \$168,250 to the RT operating budget.

DISCUSSION

On November 9, 2015, the Board adopted Resolution No. 15-11-0124 amending and restating the General Manager/CEO's (GM/CEO) employment agreement to reflect changes associated with Mr. Wiley's announced retirement and the transition of leadership at RT. With respect to compensation and benefits, the amended and restated agreement carried forward provisions negotiated in connection with Mr. Wiley's initial agreement in 2008.

Given the uncertainties associated with a nationwide search for a successor GM/CEO, the Board elected to amend Mr. Wiley's employment agreement to allow for the option of retaining Mr. Wiley in a Special Assistant role. This would allow the new GM/CEO to utilize Mr. Wiley as a resource if needed to ensure a successful transition.

On June 13, 2016, the RT Board approved the employment agreement for Henry Li as RT's new GM/CEO. Mr. Li, who will begin his tenure as GM/CEO on July 1, 2016, is an experienced transit executive who had the opportunity to work for RT, as a member of the Executive Management team, for 3 months before he was selected as the new GM/CEO.

Approved and Presented:

Final 06/24/16

Chief Counsel

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Given Mr. Li's level of experience, and RT's current fiscal challenges, Mr. Li and Mr. Wiley have agreed that the position of Special Assistant to the GM/CEO is not essential to a successful leadership transition and, therefore, with the Board's approval, Mr. Wiley will advance his retirement date to August 1, 2016. This change will result in a significant cost savings to RT in FY2017 and will result in additional cost savings, in the form of reduced supplemental retirement benefits, in future years.

The November 2015 amendment and restatement of Mr. Wiley's employment contract includes a provision whereby Mr. Wiley may elect to enter into a Personal Services Contract (PSC) with RT through November of 2017. This agreement would give RT continuing access to Mr. Wiley's experience and expertise and, importantly, would allow him to continue to serve as the Chair of the Executive Committee of the California Transit Association (CTA). Mr. Wiley's position as Chair would provide a benefit to RT due to the CTA's influence over state transit and funding legislation and other critical issues.

Though RT has a guaranteed seat on the CTA Executive Board, the position of Chair is an elected position and would not pass to another RT executive if the position were vacated. Mr. Wiley was selected for this key position, by the 24-member Executive Committee, because of his reputation in the transit industry, his familiarity with the legislative process, and his years of successful advocacy at the State Capitol. Having an advocate with RT's interests at heart as Chair of the CTA Executive Committee is critical at this time in RT's history and comes at no cost to RT. Namely, in the currently proposed PSC, Mr. Wiley would not bill RT for his CTA-related activities unless such time is spent on matters exclusively benefitting RT and upon explicit direction from RT to work on such matters. Further, the total consideration for the proposed PSC would be reduced to \$25,000 with a specific indication that there is no guarantee or requirement that RT direct Mr. Wiley to do any billable work under the PSC.

Pursuant to Government Code Section 7522.56, to hire a retired annuitant to a PSC, the hiring agency must make a finding that the retired annuitant possesses unique knowledge and skills. Clearly, Mr. Wiley's knowledge and skills more than meet this requirement.

In summary, the material terms of the amended employment agreement are:

- The termination date of Mr. Wiley's current contract would be changed from December 31, 2016 to August 1, 2016.
- On August 1, 2016, Mr. Wiley would have the option of entering into a PSC with RT through which he would remain as Chair of the Executive Committee of the CTA until the expiration of his term in November of 2017. However, Mr. Wiley would agree not to bill any of his time or expenses associated with CTA business under the PSC unless such time is spent on matters exclusively benefitting RT and upon explicit direction from RT to work on such matters. Further, the total consideration under the PSC would be capped at \$25,000 with no guarantee or requirement that RT direct Mr. Wiley to do any billable work under the PSC.

RESOLUTION NO. 16-06-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

June 27, 2016

APPROVING THE FIRST AMENDED EMPLOYMENT AGREEMENT WITH MICHAEL R. WILEY AS RT'S GENERAL MANAGER/CEO, MAKING A FINDING AS REQUIRED BY GOVERNMENT CODE SECTION 7522.56, AND DELEGATING AUTHORITY TO THE NEW GENERAL MANAGER/CEO TO EXECUTE A PERSONAL SERVICES AGREEMENT WITH MIKE WILEY

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the First Amended Employment Agreement between Sacramento Regional Transit District and Michael R. Wiley is hereby approved.

THAT, due to his extended service with RT, his eight-year tenure as General Manager/CEO, and his in-depth knowledge of RT's legislative needs, Wiley has unique knowledge and skills to temporarily assist RT as RT's appointed representative on the Executive Committee of the California Transit Association and to provide other consultant services to RT as needed.

THAT, the Chair is hereby authorized and directed to execute said First Amended Employment Agreement.

THAT, Henry Li, who will become General Manager/CEO on July 1, 2016, is delegated the authority to execute a Personal Services Contract with Mr. Wiley as described in Mr. Wiley's First Amended Employment Agreement.

JAY SCHENIRER, Chair

A T T E S T:

MICHAEL R. WILEY, Secretary

By: _____
Cindy Brooks, Assistant Secretary