



**TOWN OF LOS GATOS  
COUNCIL AGENDA REPORT**

MEETING DATE: 05/07/2024

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DATE: April 26, 2024  
TO: Mayor and Town Council  
FROM: Laurel Prevetti, Town Manager  
SUBJECT: Approve an Amendment to the Town Manager's Employment Agreement

**RECOMMENDATION:**

Approve an Amendment (Attachment 2) to the Town Manager's Employment Agreement.

**REMARKS:**

In September 2015, the Town Council approved an employment agreement with Laurel Prevetti as Town Manager (Attachment 1). The agreement includes language in Sections 3 through 6 that indicates that the intent was to provide the Town Manager the same benefits as other employees, including cash out provisions (Section 3). Cash out of an employee's unused vacation and unused sick leave is paid to all other Town employees at the time that an employee separates from the Town. The rate of pay for the unused vacation leave is 100% of the employee's hourly rate. The maximum rate of pay for the unused sick leave is 50% of the employee's hourly rate and is based on the employees hire date and length of service.

The current language in the Town Manager's agreement in Section 7 is inconsistent with the other Sections and could be interpreted to prevent the typical cash out. Attachment 2 contains the proposed Amendment which would clean up the discrepancy and clearly provide for cash out of earned vacation and sick leave, while continuing to prohibit severance pay upon voluntary resignation.

The Town Manager reached the Town's accrual cap in 2021 during the COVID-19 pandemic and no longer accrues vacation time. She is not expected to reach the sick leave cap.

**COORDINATION:**

The preparation of the proposed amendment was coordinated with the Town Attorney. The Finance Department prepared the estimated cash out value.

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Reviewed by: Town Manager, Town Attorney, and Finance Director

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FISCAL IMPACT:

If the Town Council approves the Amendment and the Town Manager leaves Town service on June 28, 2024, the estimated value of unused vacation (592 hours) and sick time (813 hours) is approximately \$140,000 (pre-tax). The Department of the departing employee pays cash outs and is typically absorbed in the Town's budget.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. Original Employment Agreement
2. Proposed Amendment