CITY OF ORLAND STAFF REPORT
MEETING DATE: August 18, 2026

TO:	Honorable Mayor and City Council Members
FROM:	Justin Chaney, Interim City Manager Scott Drexel, City Attorney
SUBJECT:	Appointment of Peter R. Carr as an Extra-Help Retired Annuitant (Government Code Sections 21224 and 7522.56) and Termination of Prior Professional Services Agreement (Action)

BACKGROUND:

The City is presently without a permanent City Manager and is conducting a recruitment to fill the position. The City Council appointed Fire Chief Justin Chaney as Interim City Manager during the recruitment. To provide the Interim City Manager with executive-level administrative and advisory support during this transition, the City entered into a Professional Services Agreement with former City Manager Pete Carr, effective July 22, 2026, under which Mr. Carr was engaged as an independent contractor to provide remote, advisory-only consulting services.

Mr. Carr served as Orland's City Manager for approximately thirteen years before retiring in April 2025, and is a service retiree of the California Public Employees' Retirement System (CalPERS). The consulting agreement did not identify Mr. Carr as a CalPERS retiree; for that reason it included the City's standard precautionary language directing the consultant to confirm his CalPERS status before performing services. Mr. Carr did exactly that, and CalPERS responded with the determination described below.

ANALYSIS:

CalPERS' Employer Account Management Division has reviewed the consulting agreement and determined that the services described — ongoing administrative and advisory support to the City Manager's office — constitute common-law employment rather than bona fide independent contracting, because the work is of the same nature as work performed by City employees and supports the regular, ongoing business of the City. Under the Public Employees' Retirement Law, that determination is controlling regardless of the label used in a contract.

A CalPERS service retiree may lawfully perform this type of work for a CalPERS-covered agency only as a retired annuitant appointed under Government Code section 21224, which permits appointment of a retiree who "has skills needed to perform work of limited duration." Compliance protects both parties: if the work continued under the contractor arrangement and were later found unlawful, Mr. Carr's retirement allowance could be retroactively affected and the City could owe retroactive contributions, interest, and administrative fees. CalPERS' Post-Retirement Employment Analysis team has advised that an extra-help retired annuitant appointment, properly structured, would be compliant, and has provided the City its Retired Annuitant Hiring Questionnaire for that purpose.

The proposed appointment would comply with all applicable requirements:

1. Extra-help appointment. Mr. Carr would be appointed as a temporary, at-will, extra-help retired annuitant — not an independent contractor — providing administrative and advisory support to the City Manager (including any Acting or Interim City Manager). He would not act as, or exercise the authority of, the City Manager, and would not fill a position on the City's organization chart.

2. Limited duration. The appointment would run through completion of the City Manager recruitment, with an outside end date of [December 31, 2026] unless extended by the Council, and is limited to well under 960 hours in the fiscal year, as required by law.

3. Compliant pay rate. Compensation would be hourly only, for actual hours worked and documented, at $100.00 per hour — within the salary range for the City Manager classification on the City's publicly available salary schedule, adopted by companion resolution on this agenda (range maximum of $210,000 annually, equal to a maximum hourly rate of $100.96 when divided by 173.333 as CalPERS requires). Mr. Carr would receive no retainer, no minimum guarantee, and no benefits, incentives, or compensation in lieu of benefits.

4. Eligibility. Mr. Carr retired more than 180 days ago, so no early-hire certification is required, and he has confirmed he has not received unemployment compensation from a public employer within the preceding 12 months.

5. Enrollment and reporting. Staff will enroll Mr. Carr in myCalPERS as a retired annuitant and report his hours and pay rate each pay period, and has completed CalPERS' Retired Annuitant Hiring Questionnaire, which will be retained with the appointment records.

The existing Professional Services Agreement would be terminated, and compensation for the brief period between its July 22, 2026 effective date and the appointment would be converted to the same hourly basis for actual documented hours, with those hours reported to CalPERS and counted toward the fiscal-year limit.

RECOMMENDATION:

It is recommended that the City Council, following adoption of the companion resolution adopting the City's salary schedule, by motion:

1. Find that Mr. Carr possesses specialized skills needed to perform work of limited duration during the City Manager recruitment, with a projected completion date, and that the appointment complies with Government Code sections 21224 and 7522.56 as described in this report;

2. Approve the appointment of Peter R. Carr as an extra-help retired annuitant on the terms set forth in the attached Extra-Help Retired Annuitant Appointment, approve the termination of the Professional Services Agreement with Pete Carr dba City Management Consulting, and authorize the Interim City Manager to execute both documents; and

3. Direct staff to enroll and report the appointment in myCalPERS and to transmit the completed Retired Annuitant Hiring Questionnaire to CalPERS.

FISCAL IMPACT OF RECOMMENDATION:

Positive. The prior agreement provided a $4,800 monthly retainer (an effective rate of $150 per hour) plus $165 per hour for additional authorized work. Under the appointment, the City pays

$100.00 per hour only for hours actually worked — an approximately 50% reduction in hourly cost — plus employer payroll taxes and workers' compensation coverage required for any employee. No CalPERS employer contributions are payable for a compliant retired annuitant appointment. All costs remain within amounts already budgeted for the prior agreement.

ATTACHMENTS:

1. Extra-Help Retired Annuitant Appointment (terms of appointment)

2. Termination of Professional Services Agreement