

CITY OF ORLAND
INTERIM CITY MANAGER APPOINTMENT AND
OUT-OF-CLASS COMPENSATION AGREEMENT

(Interim Assignment Approved by the City Council)

This Interim City Manager Appointment and Out-of-Class Compensation Agreement (“Agreement”) is entered into by and between the City of Orland (“City”) and Justin Chaney (“Chaney”), an individual, and is effective on **July 1, 2026**.

Recitals

- A.** Chaney is the duly appointed Fire Chief of the City and is an active member of the California Public Employees’ Retirement System (“CalPERS”).
- B.** The position of City Manager is currently vacant, and the City desires that the duties of the City Manager be performed on a temporary, interim basis pending recruitment and appointment of a permanent City Manager.
- C.** The City Council desires to assign Chaney to perform the duties of Interim City Manager while he continues to perform his duties as, and retains the classification of, Fire Chief.

THEREFORE, in consideration of the above recitals and of the mutual promises and conditions in this Agreement, it is agreed as follows:

Agreement

- 1. Continued Service as Fire Chief.** Chaney continues to hold and perform the duties of Fire Chief. This Agreement does not appoint Chaney to the City Manager classification, does not vacate or alter his Fire Chief position, and does not change his Fire Chief base salary, benefits, or terms of employment except as expressly provided in this Agreement.
- 2. Interim Assignment.** Effective on the date set forth above, Chaney is additionally assigned to perform the duties of Interim City Manager, in addition to his duties as Fire Chief, including the powers and responsibilities of the City Manager under the Orland Municipal Code and applicable law. Chaney shall serve in this interim capacity at the pleasure of the City Council.
- 3. Term of Assignment and Reversion.** Subject to earlier termination as provided in this Agreement, the interim assignment begins on the effective date and continues until the earlier of: (i) the appointment of a permanent City Manager; or (ii) action of the City Council ending the assignment. Upon termination of the interim assignment, Chaney’s compensation reverts to his Fire Chief base salary with no Out-of-Class Differential, and Chaney is entitled to no severance or other payment by reason of the assignment ending.

- 4. Out-of-Class Compensation.** While serving in the interim assignment, and in addition to his Fire Chief base salary, Chaney shall receive an out-of-class differential in the amount necessary to bring his total monthly compensation while serving as Interim City Manager to \$13,333 per month, which is the monthly rate for the City Manager classification (“Out-of-Class Differential”), payable on a bi-weekly basis and subject to all applicable withholdings and deductions. The Out-of-Class Differential is subject to the following:
- A.** It is paid only for the period during which Chaney actually serves in the interim assignment and ceases automatically upon termination of the assignment.
 - B.** Because Chaney retains his Fire Chief classification, the parties acknowledge and agree that the Out-of-Class Differential is a temporary out-of-class differential that does not constitute “compensation earnable” or “pensionable compensation,” is not reportable to CalPERS, and is not “special compensation” under 2 CCR sections 571 or 571.1. It will not be reported to CalPERS for retirement purposes and does not increase Chaney’s retirement benefit.
 - C.** It confers no additional retirement, leave, or other benefits, and does not change Chaney’s existing benefits as Fire Chief.
 - D.** It establishes no continuing right to the differential beyond the period of the interim assignment.
- 5. Acknowledgment Regarding CalPERS Retirement Treatment.** Chaney expressly acknowledges and agrees that the Out-of-Class Differential is not pensionable compensation and is not “compensation earnable,” that it will not be reported to CalPERS, and that it will not be included in his pensionable compensation or compensation earnable or count toward his retirement benefit or final compensation. Chaney enters into this Agreement with full understanding that the Out-of-Class Differential is current cash compensation only and provides no retirement benefit.
- 6. Government Code Section 20480 — 960-Hour Limitation.** To the extent the interim assignment constitutes an out-of-class appointment, the parties acknowledge that such appointments are limited to 960 hours per fiscal year under Government Code section 20480, that the fiscal-year limit resets on July 1, and that work in excess of the limit exposes the City to a statutory penalty. The City will track Chaney’s hours worked in the interim assignment and will make any reports required by CalPERS. Nothing in this Agreement authorizes service in the interim assignment beyond the statutory limit.
- 7. At-Will Interim Assignment; Council Authority.** The interim assignment is at-will and may be ended by the City Council at any time, with or without cause and without affecting Chaney’s underlying employment as Fire Chief. Chaney acquires no property interest in the City Manager position by virtue of this Agreement and is entitled to no pre- or post-deprivation

hearing or other due process upon the end of the interim assignment. Nothing in this Agreement limits the City Council's authority over the City Manager position or its appointment.

- 8. No Additional Benefits.** Except for the Out-of-Class Differential set forth in Paragraph 4, Chaney shall not be entitled to any additional compensation, fringe benefit, or incident of employment by reason of the interim assignment. This Agreement does not diminish the salary or benefits to which Chaney is otherwise entitled as Fire Chief.
- 9. Non-Assignment of Agreement.** This Agreement is intended to secure the individual services of Chaney and is not assignable or transferable by Chaney to any third party.
- 10. Governing Law/Venue.** This Agreement shall be interpreted according to the laws of the State of California. Venue for any action or proceeding regarding this Agreement shall be in Glenn County.
- 11. Enforceability.** If any term, covenant, condition, or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby.
- 12. Conflict of Interest.** Chaney agrees that during the term of the interim assignment, he will not maintain any financial interest or engage in any other contract, employment, occupation, work, endeavor, or association, whether compensated or not, that would in any way conflict with or impair his ability to perform the duties described in this Agreement.
- 13. Entire Agreement and Modification.** This Agreement constitutes the entire understanding of the parties pertaining to the interim assignment and out-of-class compensation and can only be amended by a writing executed by both parties.
- 14. Advice of Counsel.** It is recommended by the City that, prior to entering into this Agreement, Chaney first consult with legal counsel retained by Chaney at his own expense.
- 15. Notices.** Notices pursuant to this Agreement must be in writing and given by deposit in the custody of the United States Postal Service, first class postage prepaid, or by personal service in the same manner as is applicable to civil judicial process, addressed as follows:

a. City:

Jennifer Schmitke, City Clerk
City of Orland, 815 Fourth Street, Orland, CA 95963
Copy to: Scott Drexel, City Attorney, 6349 Auburn Boulevard, Citrus Heights, CA 95621

b. Justin Chaney: (Address on file with Human Resources)

16. Counterparts. This Agreement may be executed in counterparts containing original signatures.

IN WITNESS WHEREOF, the City has caused this Agreement to be signed and executed on its behalf, and Chaney has signed and executed this Agreement, on the day and year written below.

JUSTIN CHANEY

DATED: _____, 20__

Justin Chaney

CITY OF ORLAND

DATED: _____, 20__

Terrie Barr, Mayor

APPROVED AS TO FORM:

Scott Drexel, City Attorney

ATTEST:

Jennifer Schmitke, City Clerk