



Date: January 27, 2026

Honorable Mayor and Council Members:

Author and title: Bonnie Thompson-Hardin, Human Resources Manager

Title: **Town Attorney Contract Approval and Non-Base Pay Compensation**

Jen Callaway, Town Manager

Recommended Action: That the Council:

1. Approve the attached Employment Agreement for Town Attorney, Andrew Morris, for the period December 31 2025 to December 31, 2029 with an annual salary of \$267,479, deferred compensation of \$18,350, pension costs of \$22,145, and other fringe benefits including insurance of \$58,697; and
2. Approve Resolution 2026-02 awarding a non-base pay compensation increase to Town Attorney, Andrew Morris, resulting in a one-time lump sum pay amount of \$2,547.48.

Discussion:

Performance Evaluation and Non-Base Pay Compensation:

The Council completed a performance appraisal for Town Attorney, Andy Morris, in closed session at the January 13, 2026 meeting. Andy's previous employment contract includes the following language regarding pay changes:

Section 8. Compensation (b) Annual Salary Adjustments. At the Town Council's sole discretion, salary adjustments may be given to Employee at or around the time of the annual review and evaluation by the Town Council. Employee shall be considered for such salary adjustments on December 31 of each year....

Staff recommends that Council apply the same pay increase methodology used for all employees, including Department Heads. Under the Town's current compensation plan, employees covered under the Town's bargaining agreements are eligible for performance-based pay increases. The potential merit-based increase to base pay is determined by the General Fund budget-to-budget revenue increase of specifically negotiated items. For fiscal year 2025/26, the Town is in the 5.0% pool based on the applicable revenue increases and employees may receive up to a 6.0% increase based on performance.

An employee's base wage may not exceed the maximum rate of the wage range assigned to their position on the Town's wage matrix. Once an employee reaches the top of the range, any additional eligible increase is provided as non-base pay compensation (NBPC), equal to the amount the employee would have earned over the year absent the wage cap. The NBPC is paid as a lump sum following the employee's evaluation and is not added to base pay. This process is outlined in Section 8(b) of Andy's contract.

In line with the methodology described above, Andy's evaluation score makes him eligible for a pay-for-performance increase of up to 6.0%. Because his current salary is 5% below the top of the range, this

increase would bring him to the top of the Town Attorney salary range, with the remaining 1% paid as a NBPC. Accordingly, staff recommends that in his new contract Andy's wage be set at the top of the wage range and that Council award a NBPC in the amount of \$2,547.48.

Contract for Services -

Andy Morris was originally hired as the Town Attorney on December 31, 2013. Andy's last contract expired on December 31, 2025 and the Town wishes to extend his contract for an additional four years. Attached is a proposed contract for his continued services. There are important changes in this contract based on direction from Council.

- **Compensation** – Increases the Town Attorney's annual compensation to \$267,478.85, consistent with the approach described above.
- **457 Deferred Contribution** – Increases the Town's annual deferred compensation contribution to \$13,000, representing a \$1,000 increase, and includes an annual \$1,000 escalator for each year of the agreement. In addition, the Town will continue to contribute 2% of Andy's base wage as deferred compensation, consistent with contributions provided to other department heads and Andy's previous contract.
- **Extension of the Severance Period** – Extends the severance period from six to twelve months to align with best practices recommended by the International city Management Association and the California Intergovernmental Risk Authority JPA, the Town's risk pool
- **Extension of the Non-Termination Period** – Extends the non-termination period before and after the swearing-in of a new Council Member following a Town Council election from 90 days to 180 days, excluding terminations for gross mismanagement or an act of moral turpitude. This period is intended to give the Town Attorney the necessary time to demonstrate his capabilities to a new Council Member.

The extension of the severance and non-termination periods mirror updates recently made to the Town Manager contract. All other aspects of the contract have remained essentially unchanged with some minor adjustments that have been added to better comply with law or other legislative changes such as more robust language related to opt-out payments to comply with the Affordable Care Act, and better detailing of the employee's pension benefits based on staff's recent experiences with CalPERS.

Priority:

<input type="checkbox"/> Enhanced Communication	<input type="checkbox"/> Climate and Greenhouse Gas Reduction	<input type="checkbox"/> Housing
<input type="checkbox"/> Infrastructure Investment	<input type="checkbox"/> Emergency and Wildfire Preparedness	<input checked="" type="checkbox"/> Core Service

Fiscal Impact: There is sufficient budget to accommodate this pay increase.

Attachments:

Attachment 1 – Proposed Contract for Services as the Town Attorney

Attachment 2 - Resolution 2026-02 Non-Base Pay Compensation for the Town Attorney