

## **CITY MANAGER EMPLOYMENT AGREEMENT**

This AGREEMENT ("Agreement") is entered into as of November 17, 2015 (the "Effective Date"), by and between the CITY OF LA PALMA, a California municipal corporation ("City"), and LAURIE A. MURRAY ("City Manager").

### **RECITALS**

A. The City requires the services of a City Manager and has determined that City Manager has the necessary education, experience, skills and expertise to serve as the City's City Manager; and

B. The City Council of the City (the "City Council") desires to employ the City Manager to serve as the City Manager of the City; and

C. The City Manager desires to be employed by and serve as the City Manager of the City; and

D. The Parties mutually desire to enter into this Agreement setting forth the terms and conditions of the City Manager's appointment and employment as the City Manager of the City.

### **EXECUTORY AGREEMENTS**

NOW THEREFORE, in consideration of the facts recited above, and the covenants, conditions and provisions below, the Parties agree as follows:

#### **SECTION 1. DUTIES.**

1.1 Effective November 17, 2015, the City hereby appoints and employs City Manager as the City Manager of the City, to perform the functions and duties specified in the ordinances and resolutions of the City, and to perform the legally permissible and proper duties and functions as the City Council may from time to time assign.

1.2 The City Manager shall be the chief executive officer of the City and shall be responsible to the City Council for the proper administration of all affairs of the City.

1.3 The Parties acknowledge that the City Council may also designate the City Manager as the chief executive officer of other City-related governmental entities, including but not limited to the Successor Agency to the La Palma Community Development Commission, or any financing authority, nonprofit corporation or joint powers authority created by the City or to which the City is a party, but City Manager will receive no additional compensation or benefits other than those provided in this Agreement.

1.4 The City Manager shall perform her duties to the best of her ability and in accordance with the highest professional and ethical standards of the profession. The City Manager shall comply with all rules and regulations established by the City Council or State law, and shall not engage in any activity which is or may become a conflict of interest, prohibited by contract, or which may create an incompatibility of office as defined under California law.

1.5 City Manager shall remain in the exclusive employ of the City during the term of this Agreement. However, City Manager may engage in occasional teaching, writing or consulting performed outside of the City's normal business hours, so long as such activities do not interfere with the City Manager's performance of her duties under this Agreement, or conflict with the City Manager's obligations to the City.

1.6 The Parties acknowledge that the City Manager is an exempt employee who is expected to engage in those hours of work that are necessary to fulfill the obligations of the City Manager's position. The City Manager does not have set hours of work as the City Manager is expected to be available at all times. However, it is also recognized that the City Manager devotes a great deal of time outside the normal business hours to the business of the City and, to that end, the City Manager's schedule of work each day and week shall vary in accordance with the work required to be performed.

1.7 The City shall bear the full cost of any fidelity or other bonds required of the City Manager.

## SECTION 2. TERM OF AGREEMENT.

2.1 The term of this Agreement shall commence as of the Effective Date, and continue for a term of three (3) years, unless terminated earlier by (a) either party in accordance with the separation provisions set forth in Section 5, or (b) the event of the death or permanent disability of the City Manager.

2.2 At least six months prior to the expiration of the term of this Agreement, the City Council shall act either to renew this Agreement or to provide at least six (6) months' notice to the City Manager of the City Council's intent to allow this Agreement to expire.

## SECTION 3. COMPENSATION AND BENEFITS.

3.1 The City shall provide the following compensation to the City Manager during the term of this Agreement:

3.1.1 Salary. The City shall pay the City Manager salary in the amount of \$152,000.00 per annum for her services, payable in installments at the same time and in the same manner as the City pays other employees of the City. City Manager's salary shall be subject to customary withholding for taxes and other required deductions.

3.1.2 Subject to performance evaluations in accordance with Section 4, the City may increase, but not decrease, the City Manager's salary by minute action without the need to amend this Agreement.

3.1.3 In addition to the salary set forth herein, the City shall fund the deferred compensation for the benefit of the City Manager in the amount of \$100 per biweekly pay period.

3.1.4 The salary provided in this Agreement shall be increased or decreased proportionately with any cost of living and other salary adjustments applied to all executive management employees (department heads) of the City.

3.2 Benefits.

3.2.1 The City Manager shall be entitled to all of the benefits, rights and privileges accorded across the board to all executive management employees (department heads), including but not limited to paid holidays, vacation, sick and administrative leave, cell phone allowance, retirement benefits and payments, deferred compensation, health insurance, vision insurance, dental insurance, long term disability and life insurance, except as otherwise provided in this Agreement. In the event of any conflict between this Agreement and any resolution fixing compensation and benefits for executive management employees of the City, this Agreement shall control. The City shall pay for a life insurance policy for the City Manager in a coverage amount of \$250,000.

3.2.2 Acknowledging that City Manager's duties require that she have the use of an automobile at all times during her employment with the City, and in lieu of providing a vehicle or paying mileage, the City shall reimburse the City Manager \$325 per month for the expenses of owning, maintaining, and insuring a personal automobile. The amount of the reimbursement shall be evaluated each fiscal year and, if appropriate, adjusted to reflect increased costs.

3.2.3 The City shall annually reimburse the City Manager for the cost of the City Manager receiving a full physical examination, in an amount not to exceed \$500.00 should the City Manager choose to have such examination.

3.2.4 The City Manager shall pay the City Manager's share of the contribution under the City's defined contribution retirement plan for non-public safety employees under the Public Employees Retirement System ("PERS"), or such other retirement program in which the City may be participating.

3.2.5 The City shall maintain its enrollment in CalPERS Government Code § 21548 (Pre-Retirement Optional Settlement 2 Death Benefit), an optional benefit provision under PERS that protects spouses if an employee dies prior to retirement, for the benefit of the City Manager and her spouse.

3.2.6 Recognizing the importance of professional development and association with other municipal executives, the City shall, during the term of this Agreement, pay the annual dues for the City Manager's membership in bona fide and reasonable professional associations and organizations for executive level public administrators. In addition, the City shall pay the costs of the City Manager's travel to and attendance at the annual conferences for such associations and organizations, unless all City employee travel related expenses have been suspended by the City Council or City Manager.

3.2.7 All of the provisions of this Section 3 are subject to the provisions and limitations of the Internal Revenue Code and its related regulations as amended from time to time. No requirement of any provision of this Section 3 shall be effective if it would violate any

provision of the Internal Revenue Code or its related regulations, and the inability of the City to effectuate such requirement shall not constitute a breach of this Agreement.

#### SECTION 4. PERFORMANCE EVALUATIONS.

4.1 The Parties mutually acknowledge that periodic performance evaluations are an important means by which the City Council and the City Manager may ensure effective communications regarding expectations and performance. In this regard, the City Council recognizes that, for the City Manager to respond to its needs and to grow in the performance of the City Manager's position, the City Manager requires evaluation from the City Council regarding her performance.

4.2 The City Council shall conduct an evaluation of the City Manager's performance annually each year during the term of this Agreement. In addition, the City Council may periodically review the City Manager's performance, and the City Manager may periodically request feedback from the City Council regarding her performance.

4.3 In conjunction with each performance review during the term of this Agreement, the City Manager and the City Council shall mutually develop goals or other performance objectives as they mutually determine necessary for the proper operation of the City and for the attainment of the City Council's policy goals and objectives; and the City Council and the City Manager shall further establish a relative priority among these goals and performance objectives. In addition, the City Manager and the City Council shall jointly develop specific criteria for the conduct of the City Manager's performance evaluation. These established goals, performance objectives and criteria shall serve as the basis for the City Manager performance evaluations.

4.4 In connection with each performance review, the City Manager shall prepare and distribute to the City Council a written description outlining the previous period's accomplishments relative to the goals and performance objectives established for that period. The City Council shall consider the City Manager's written description in conducting its performance evaluation. Upon the conclusion of the performance evaluation, the City Council shall meet with the City Manager to discuss the results of the evaluation, and the City Council shall take any action as may be necessary as a result of the performance evaluation. As part of the performance evaluation, the City Council and City Manager shall jointly establish goals and performance objectives for the following period based upon the results of the just-completed performance evaluation.

#### SECTION 5. SEPARATION.

5.1 Resignation. The City Manager may resign at any time, but shall give the City at least thirty (30) days advance notice of the effective date of her resignation, unless the parties agree otherwise in writing.

5.2 Termination Without Cause. A City Manager is an at-will employee serving at the pleasure of the City Council as provided in Government Code § 36506 and Section 2-8 of the La Palma City Code.

5.2.1 By majority vote, the City Council may terminate the City Manager's appointment and remove the City Manager at any time. As used in this Section, "termination" shall include actual termination, a request that the City Manager resign, or the elimination of the City Manager's position. Notice of termination shall be provided to the City Manager in writing.

5.2.2 The City Manager shall not be removed without cause during the one hundred-eighty (180) day period immediately following the November 2016 City election for membership on the City Council. For all other City elections for membership on the City Council, the City Manager shall not be removed without cause during the ninety (90) day period immediately following the election.

5.2.3 In the event that the City Council terminates the City Manager's appointment without cause pursuant to this paragraph 5.2 while the City Manager is willing and able to perform the duties of City Manager, the City shall pay to the City Manager a lump sum cash payment ("Severance Pay") equal to six (6) months' salary compensation then in effect as provided in paragraph 3.1.1 above, or base pay for the unexpired term of this Agreement, whichever is less. Payment of allowances shall not be permitted, and no retirement contributions shall be made on the Severance Pay. At the option of the City Manager, the Severance Pay may be paid in one of the following ways: (a) one lump sum upon date of termination; or (b) one lump sum on January 1 of the calendar year following termination; or (c) three equal monthly installments.

5.2.4 Pursuant to Government Code section 53261, in addition to the Severance Pay, City shall also continue the health benefits being provided to City Manager at the time of a termination without cause for the same period of Severance Pay, as is applicable in the year in which the termination without cause occurs, or until City Manager finds other employment and becomes eligible for health benefits, or until City Manager retires, or for the number of months left on the unexpired term of this Agreement, whichever occurs first ("Severance Benefits"). The City Manager shall notify the City within five (5) days of securing new full time employment or other health insurance.

5.2.5 In addition to the Severance and COBRA benefits, the City Manager shall be entitled upon termination without cause to all compensation accrued up to the date of termination, payment of all unused vacation and sick leave, and such other termination benefits as may be required by law.

5.2.6 The City Council may, in lieu of terminating the City Manager's appointment, request that the City Manager resign her appointment. In the event that the City Manager resigns in response to a request from the City Council, the City Manager shall be entitled to receive the Severance, COBRA and other benefits as provided in Sections 5.2.3, 5.2.4 and 5.2.5 above.

5.3 Termination for Cause.

5.3.1 By majority vote, the City Council may terminate the City Manager at any time, for cause. As used in this Agreement, "cause" shall mean only one or more of the following:

- (a) Conviction of a felony or a crime involving moral turpitude that adversely affects the City's or the City Manager's reputation;
- (b) Continued abuse of non-prescription drugs or alcohol that materially affects the performance of the City Manager's duties; or
- (c) Repeated and protracted unexcused absences from the City Manager's office and duties.

5.3.2 Notice of Termination for cause shall be provided to the City Manager in writing.

5.3.3 In the event that the City terminates City Manager for cause, the City Manager shall be entitled only to the compensation accrued up to the date of termination, payments of all unused accrued vacation and sick leave, and such other termination benefits and payments as may be required by law. The City Manager shall not be entitled to any Severance benefits or City-paid COBRA benefits provided by paragraphs 5.2.3 and 5.2.4, above.

SECTION 6. MISCELLANEOUS.

6.1 Business Expenses. The City shall reimburse the City Manager for all reasonable City-related business expenses incurred by the City Manager in accordance with City policy.

6.2 Other Conditions of Employment. After consultation with the City Manager, the City Council, by resolution, may fix any other terms and conditions of the City Manager's employment as the City Council may from time to time determine, provided such terms and conditions are not inconsistent with the provisions of this Agreement or law.

6.3 Indemnification. The City shall defend, hold harmless and indemnify the City Manager against any claim, demand or other legal action, whether groundless or otherwise, arising out of any alleged act or omission occurring in the performance of the City Manager's duties as City Manager. The City shall pay the amount of any settlement or judgment thereon, provided that the City Manager cooperates in the defense of the claim, demand or action; in this regard, the City shall have the discretion to compromise or settle any such claim, demand or action and pay the amount of any settlement or judgment rendered thereon. Notwithstanding the foregoing, the City shall have no duty to indemnify, defend, or hold the City Manager harmless from any criminal proceeding, or with regard to any civil, criminal or administrative proceeding initiated by the City Manager.

6.4 Conflict of Interest. The City Manager shall not engage in any business or transaction, or have a financial or other personal interest or association, direct or indirect, which is

in conflict with the proper discharge of her official duties or which would tend to impair the independence of her judgment or action in the performance of her official duties. The City Manager shall also be subject to the conflict of interest provisions of the California Government Code and any conflict of interest codes applicable to the City Manager's employment with the City.

6.5 Notices. Any notice required by this Agreement shall be in writing and shall be either given in person or by first class mail with the postage prepaid, addressed as follows:

To City: La Palma City Council  
c/o Mayor  
City of La Palma  
7822 Walker Street  
La Palma, California 90623

To City Manager: Laurie A. Murray  
City Manager  
City of La Palma  
7822 Walker Street  
La Palma, California 90623

6.6 Arbitration. Any controversy or claim arising out of the interpretation or performance of this Agreement, or otherwise pertaining to this Agreement or City Manager's appointment and service as the City Manager of the City, shall be resolved by binding arbitration in Orange County, California, in accordance with the rules of the Judicial Arbitration and Mediation Services, Inc., or such other arbitration service that the City and City Manager may mutually select; and the arbitration award may be enforced as provided by California law. The City shall be solely responsible for the costs of administration and the costs of the arbitrator.

6.7 Construction and Interpretation. This Agreement shall be construed in accordance with the laws of the State of California and as if drafted jointly by both parties. In this regard, the City and the City Manager each represent to the other that it has had the opportunity to consult with legal counsel regarding the terms and conditions in this Agreement prior to its execution.

6.8 Integration and Amendment. This Agreement represents the entire understanding of the City and the City Manager as to those matters contained herein, and no prior oral or written understanding shall be of any force or effect with respect to those matters covered by this Agreement. Except as specifically authorized by this Agreement, this Agreement may not be modified, altered or amended, except in writing approved by the City Council and the City Manager, and signed by the City Manager and the Mayor of the City.

6.9 Assignment; Personal Contract. This Agreement is not assignable by either the City or the City Manager. The Parties acknowledge that this Agreement is the personal services agreement, for the personal services of the City Manager.

6.10 Severability. In the event that any provision of this Agreement is held or determined to be illegal, invalid or void by reason of any final, non-appealable judgment, order or

decision of a court having jurisdiction over the parties, the remainder of the Agreement shall remain in full force and effect unless the parts found to be illegal, invalid or void are wholly inseparable from the remaining portion of the Agreement.

SECTION 7. PROVISIONS OF GOVERNMENT CODE SECTIONS 53243-5324.4.

7.1 In accordance with Government Code section 53243, in the event that the City provides paid leave to the Manager pending an investigation of a crime involving abuse of the office or position, as defined in Government Code section 53243.4, and should that investigation lead to a conviction, the City Manager shall fully reimburse the City for any salary provided for that purpose.

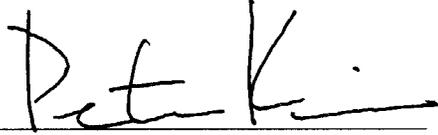
7.2 In accordance with Government Code section 53243.1, in the event that the City provides funds for the legal criminal defense of the City Manager pending an investigation of a crime involving abuse of the office or position, as defined in Government Code section 53243.4, and should that investigation lead to a conviction, the City Manager shall fully reimburse the City for any funds provided for that purpose.

7.3 In accordance with Government Code section 53243.2, in the event that the City provides a cash settlement related to the termination of the City Manager as defined in the terms of this Extension Agreement and the City Manager subsequently is convicted of a crime involving abuse of the office or position, as defined in Government Code section 53243.4, the City Manager shall fully reimburse the City for any funds provided for that purpose.

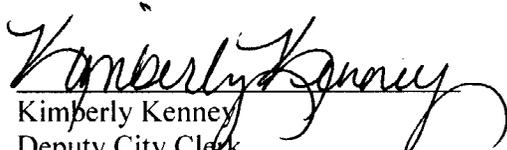
[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first written above.

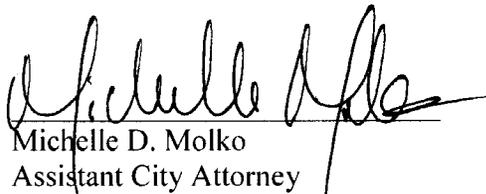
CITY OF LA PALMA

By:   
Peter L. Kim  
Mayor

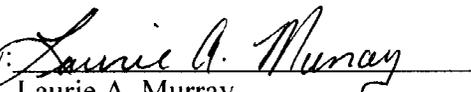
ATTEST:

  
Kimberly Kenney  
Deputy City Clerk

APPROVED AS TO FORM:

  
Michelle D. Molko  
Assistant City Attorney

CITY MANAGER

By:   
Laurie A. Murray