

**ORIGINAL**

**AGREEMENT FOR EMPLOYMENT  
OF CITY MANAGER**

THIS AGREEMENT ("**Agreement**") is entered into on July 16, 2018 by the City of Irvine, a municipal corporation organized and existing under the laws of the State of California ("**City**"), and John A. Russo ("**Manager**"). City and Manager are sometimes individually referred to herein as a "**Party**" and sometimes collectively referred to herein as the "**Parties.**"

**RECITALS**

WHEREAS, the City Council of the City of Irvine ("**City Council**"), the governing body of City, desires to employ John A. Russo as the City Manager of the City of Irvine effective July 16, 2018 as provided by Article V of the Charter of the City of Irvine and Title 1, Division 3 of the Irvine Municipal Code and the terms and conditions set out herein.

WHEREAS, the City and Manager have entered into this Agreement in recognition of the benefits accruing to each Party; and

WHEREAS, this Agreement will ensure the retention of Manager's services as City Manager and the performance of the duties of the office in a manner which serves the best interests of City, subject always to the direction of the City Council; and

WHEREAS, this Agreement shall further provide for an equitable manner of termination of Manager's employment with City in certain circumstances.

**TERMS**

NOW, THEREFORE, in consideration of the faithful performance of the terms and conditions set forth below, the Parties agree as follows:

1. **EMPLOYMENT AS CITY MANAGER; DUTIES.** City agrees to employ Manager as City Manager of the City of Irvine, and Manager agrees to serve as City Manager of the City of Irvine, performing the duties and responsibilities as set forth in Article V of the Charter of the City and Title 1, Division 3 of the Irvine Municipal Code, and in accordance with applicable provisions of State law. Manager shall further perform such other legally permissible and proper duties and functions as the City Council may from time to time assign.

2. **TERM; WORK SCHEDULE.** Manager's term as City Manager become effective on July 16, 2018 and shall remain in effect for a period of two (2) years ("**Term**"), unless otherwise terminated pursuant to the provisions stated herein. At the end of the Term, this Agreement may be extended upon mutual agreement of the Parties. During the Term, Manager shall be a full-time City Manager of the City of Irvine. Manager's normal work schedule shall be during normal business hours Monday through Friday during the Term.

3. **SALARY.** During the Term, Manager shall receive an annual salary of Three Hundred Three Thousand Fourteen Dollars and Forty Cents (\$303,014.40) per year. Except as may otherwise be provided, Manager's salary, and other compensation provided for in this

Agreement, shall be paid in increments in the same manner as for other City employees. Manager's salary shall be adjusted as follows:

3.1 **MANAGEMENT ADJUSTMENTS.** Manager shall receive the same percentage salary adjustments as the City may from time to time confer upon the class of employees designated by the City as "Management."

3.2 **MERIT INCREASES.** The City Council may from time to time grant merit increases to Manager's salary provided above, as follows: If after each evaluation of the Manager's performance, as described in Paragraph 5 of this Agreement, the City Council concludes that Manager's performance warrants an adjustment for merit, the City Council may grant a merit adjustment in an amount determined by the City Council, to be effective on a date determined by the City Council. Such merit adjustments may be granted on one or more occasions during a year and may be in the form of lump sum payments, adjustments to annual salary or any other form determined by the City Council, but shall be in addition to any adjustments made in accordance with Subparagraph 3.1.

4. **BENEFITS.** During the Term, Manager shall be entitled to receive the benefits described in Subparagraphs 4.1 through 4.4 below.

4.1 **VACATION.** Manager shall receive one hundred twenty (120) hours of vacation leave effective upon the commencement this Agreement. Manager shall accrue no additional vacation benefits between July 16, 2018 and July 15, 2019. Commencing on July 16, 2019, Manager shall begin accruing additional vacation benefits at a rate of one hundred twenty (120) hours per year. Upon termination or of his employment with the City for whatever reason, Manager shall be paid for any unused accrued vacation, to the extent allowable under the current Management Employee Compensation Resolution and any successor resolutions, agreements, or the like (collectively, the "Current Resolution").

4.2 **SICK LEAVE.** Manager shall receive forty (40) hours of sick leave benefits effective upon commencement of this Agreement. Manager shall, in addition, accrue sick leave in accordance with the Current Resolution.

4.3 **PHYSICAL EXAMINATION.** It is in the City's best interest that Manager maintains good health and the physical ability to fulfill the duties as City Manager. Toward this end, the City shall pay the full cost of one complete annual physical examination for Manager, conducted by the physician of Manager's choice. The cost to the City shall be offset by any payment made by Manager's health insurance carrier toward the cost of the examination.

4.4 **OTHER BENEFITS.** Except as provided otherwise herein, Manager shall receive any and all other supplemental benefits including, but not limited to, personal sick leave, personal leave, bereavement leave, parenthood leave, administrative leave, holidays, pension/retirement (PERS) benefits and payments (including those relating to the retiree health plan), health insurance, dental insurance, vision insurance, life insurance, disability insurance, flexible spending account, telecommunications allowance, vehicle allowance, and management incentive pay. Except as otherwise provided herein (in Subparagraph 4.1

and 4.2, above, and Subparagraph 7, below), all actions undertaken by City relating to benefits for management employees shall be considered actions affecting the same benefits applicable to Manager.

5. **PERFORMANCE EVALUATION BY CITY COUNCIL.** The Mayor and the City Council are responsible for setting performance goals on an annual basis in consultation with the City Manager. The City and Manager 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. Toward this end, the City Council shall review and discuss Manager's performance in or around July of 2019. The City Council may in its discretion conduct additional evaluations of Manager's performance at such times as it deems appropriate.

6. **TERMINATION OF EMPLOYMENT.** Notwithstanding anything in this Agreement to the contrary, this Agreement may be terminated prior to the expiration of the Term as follows:

6.1 **VOLUNTARY RESIGNATION.** Manager may voluntarily resign by delivering a letter of resignation to the City Council not less than thirty (30) days prior to the effective date of resignation. Promptly after the effective date of resignation, the City shall pay to Manager all salary and benefits amounts both accrued and owing under this Agreement and other applicable laws, rules, programs, and policies of the City, State and Federal government.

6.2 **TERMINATION BY COUNCIL.** Notwithstanding the Term provided in Paragraph 2 of this Agreement, the City Council may remove and terminate Manager in accordance with the following:

(a) **With Cause.** At any time the City Council may remove and terminate Manager for cause, which for purposes of this Agreement shall be defined as follows: (1) any criminal act involving moral turpitude, fraud, malfeasance, or act of misfeasance; (2) loss of mental capacity for more than six consecutive months as determined by a court of competent jurisdiction; (3) habitual or willful neglect of duty; (4) willful destruction or misuse of City property; (5) habitual intoxication on duty, whether by alcohol or non-prescription drugs; (6) inexcusable absence without leave; (7) willful political activity involving the support of candidates for City Council or Charter amendments; (8) willful violation of the Federal, State or City discrimination laws concerning race, religious creed, color, national origin, ancestry, physical handicap, marital status, sex or age concerning either members of the general public or City employee(s) while acting in the course and scope of employment, and while acting without the prior approval or direction of the City Council; (9) willful and unlawful retaliation against any other City officer or employee or member of the general public who in good faith reports, discloses, divulges, or otherwise brings to the attention of any appropriate authority any facts or information relative to actual or suspected violations of any law occurring on the job or directly related thereto; (10) willful violation of any conflict of interest or incompatibility of office laws; (11) performance of material outside business interests that conflict directly with the activities and duties as City Manager, but

not including educational or professional training programs conducted by Manager whether for personal financial gain or not; and (12) refusal to take or subscribe any oath or affirmation which is required by law; each a "Cause." In the event the termination is for Cause, the City shall provide Manager with a written statement describing the Cause and shall offer Manager a name-clearing hearing before the City Council at a reasonable time and upon reasonable notice, consistent with Irvine Municipal Code section 1-3-114 through 1-3-119.

(b) Without Cause. City and Manager hereby expressly agree that the employment relationship created by this Agreement is "at will" and that Manager serves at the will and pleasure of the City Council. Consistent with the foregoing, at any time during the Term of this Agreement, the City Council may remove and terminate Manager without Cause upon notice delivered in writing. However, in case of removal or termination without Cause, Manager shall be entitled to the benefits of Subparagraph 6.3(a), below.

### 6.3 COMPENSATION IN CASE OF TERMINATION

(a) With Cause. If Manager is involuntarily terminated by the Council with Cause, City shall have no obligation to continue the employment of Manager and shall have no obligation to make any severance payments (or other payments beyond salary due to Manager through the date of termination), or continue in force any benefits provided for under this Agreement.

(b) Without Cause. If Manager is involuntarily terminated by the Council without Cause, City agrees to pay Manager within fifteen (15) days of the date of such termination: (i) a lump sum cash payment ("Severance Pay") equal to two (2) months ("Severance Period") of the base salary Manager is receiving on the date of the Council's action to terminate Manager, or as many months as then remain on Manager's contract term, whichever is less, less legally required or authorized deductions; and (ii) City shall pay Manager's Consolidated Omnibus Budget Reconciliation Act ("COBRA") premiums for COBRA insurance coverage otherwise available to Manager, for the Severance Period, or as many months as then remain on Manager's contract term, or until Manager becomes ineligible for COBRA, whichever is less. In exchange for and as a condition to receipt of the Severance Pay, Manager shall execute a release and waiver, in a form acceptable to the City Attorney, releasing the City from any and all claims associated with Manager's termination.

7. **PROFESSIONAL DEVELOPMENT.** The City acknowledges its interest in the continuing professional development of Manager and agrees to allow and pay all expenses associated with attendance at annual conferences of the International City/County Management Association, League of California Cities, and California City Managers Association. Further, the City agrees to pay the membership dues for Manager in the International City/County Management Association and City Manager's Department of the League of California Cities. With the prior consent of the Council, the City agrees to allow Manager to attend and participate in such other professional associations and conferences as may be mutually agreeable to both Parties. The City acknowledges the right of Manager to engage in other professional activities as long as they do

not interfere or conflict with Manager's duties as City Manager. Such professional activities may include teaching, writing, consulting and others.

**8. MISCELLANEOUS.**

**8.1 EXPRESSION OF INTENT REGARDING RESIDENCY.** Manager expresses an intent to relocate from his current residence to a location within or in close proximity to Irvine prior to the expiration of the Term.

**8.2 CONTRACT PROVISIONS CONTROLLING.** To the extent the provisions of this Agreement are inconsistent with the provisions of Irvine Municipal Code section 1-3-104 and/or 1-3-108, the provisions of this Agreement shall control.

**8.3 INDEMNIFICATION.** The City shall defend, hold harmless and indemnify Manager against any tort, professional liability claim or demand or other legal action, whether groundless or otherwise, arising out of any alleged act or omission occurring in the performance of Manager's duties to the City. In its sole discretion, the City may compromise and settle any such claim or suit and pay the amount of any settlement or judgment rendered therefrom.

**8.4 OTHER RIGHTS OF PARTIES.** Unless expressly set forth in this Agreement, nothing in this Agreement shall abrogate any rights, responsibilities, benefits or privileges to which either Party would otherwise be entitled.

**8.5 AMENDMENT OF AGREEMENT.** This Agreement may be amended in writing by mutual agreement of the Parties.

**8.6 STATE LAW.** The rights and obligations of the Parties to this Agreement shall be governed by the laws of the State of California.

**8.7 RECITALS.** The recitals set forth above are incorporated by reference into this Agreement.

**8.8 FAILURE TO ACT OR DELAY OF ACTION.** No failure to exercise and no delay in exercising any right, remedy or power set forth in this Agreement shall operate as a waiver to the exercise of that right, remedy or power in the future.

**8.9 ENTIRE AGREEMENT.** This Agreement contains the entire agreement between the Parties. No promise, representation, warranty, or covenant not included in this Agreement has been or is relied upon by either Party to this Agreement.

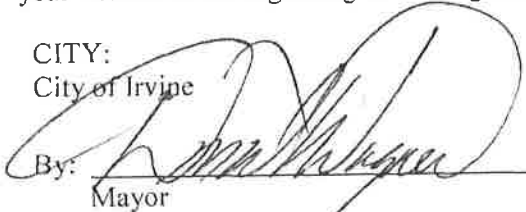
**8.10 SEVERABILITY.** Should any paragraph, subparagraph, sentence, clause, phrase or word included in this Agreement be found invalid by a court of competent jurisdiction, the balance of this Agreement shall remain in full force and effect.

**8.11 NOTICES.** Notices pursuant to this Agreement shall be in writing and shall be personally served, given by mail or by overnight delivery. Any notice given by mail shall be deemed given when deposited in the United States Mail, certified and postage


prepaid, addressed to the respective Parties at One Civic Center Plaza, Irvine, CA 92623-9575, or such other address as may be given, in writing, to the other Party.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year written at the beginning of this Agreement.

CITY:  
City of Irvine

By:   
Mayor

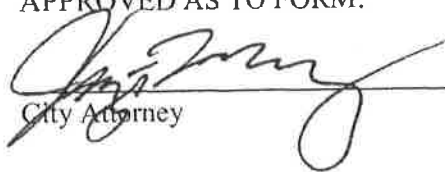
MANAGER:

By:   
John A. Russo

ATTEST:

  
City Clerk

APPROVED AS TO FORM:

  
City Attorney