

CITY MANAGER EMPLOYMENT AGREEMENT

This Agreement for Employment of City Manager ("Agreement") is made and entered on this 23rd day of August, 2016, by and between the City of Los Altos ("City"), a California general law municipal corporation, and Christopher A. Jordan ("Jordan").

RECITALS

WHEREAS, the City Council of the City of Los Altos desires to appoint Jordan to the position of City Manager of the City of Los Altos on September 1, 2016.

WHEREAS, it is the desire of the City Council to establish the terms and conditions of employment of Jordan to the position of City Manager of the City of Los Altos, including the duties, salary and benefits of employment; and

WHEREAS, Jordan desires to accept employment as City Manager of the City of Los Altos under the terms set forth herein; and

WHEREAS, as of the date of this Agreement, the Interim Employment Agreement dated April 26, 2016, shall be of no force and effect; and

WHEREAS, the City is best served by a City Manager who establishes and maintains a strong partnership with the City Council and the community, and such a partnership is best achieved by the City Manager's involvement in a broad spectrum of community activities and by having a personal stake and interest in the quality of life shared by those who live in the community; and

WHEREAS, the City Manager is an integral part of the City's Emergency Services Team and the City Council has developed a heightened awareness of the value of having the City Manager available during the critical hours immediately following catastrophic events; and

WHEREAS, the City Council believes, therefore, that it is in the best interest of the community for the City Manager to reside within the geographic boundaries of the City, and recognizing the high cost of housing in the City (as of August 15, 2016, the median home value in the City is \$2,818,700 according to Zillow) determines that it is in the City's best interest to provide assistance in securing such housing; and

WHEREAS, the assistance shall be in the form of a Housing Loan, subject to terms of this Agreement, accessible for the entirety of the Jordan's tenure with the City; and

WHEREAS, the City council finds that above stated reasons for the home loan constitute legitimate "public purposes" for making the loan; and

NOW, THEREFORE, in consideration of the respective and mutual covenants hereinafter contained and made, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and agreed, and subject to all the terms and conditions hereof, the parties agree as follows:

SECTION 1. EMPLOYMENT, DUTIES AND RESPONSIBILITIES

A. **Appointment of City Manager.** City does hereby agree to employ Jordan in the capacity of City Manager effective September 1, 2016 ("Effective Date"). Jordan's employment is "at-will" and Jordan serves at the pleasure of the City Council.

B. **Duties.** Jordan shall perform the functions and duties specified under the Government Code of the State of California, the Los Altos Municipal Code, and Ordinances and Resolutions of the City, and to perform such other legally permissible and proper duties and functions as the City Council shall from to time assign.

C. **Term of Agreement.** This Agreement shall commence upon execution by parties and become effective on the Effective Date (i.e. September 1, 2016) and continue for a period expiring three (3) years after the Effective Date ("Expiration Date"), or until this Agreement is otherwise terminated pursuant its terms.

This Agreement shall automatically renew as provided herein unless City gives Jordan timely notice of non-renewal. The City must give Jordan written notice of non-renewal at least six (6) calendar months prior to the initial Expiration Date (i.e. March 1) and any succeeding Expiration Date. Unless such notice of non-renewal is timely given, this Agreement shall automatically renew on the terms and conditions set forth herein (as such may be amended from time to time) for an additional one (1) year term.

D. **Hours of Work.** Jordan is expected to devote necessary time outside normal office hours to business of the City. To that end, Jordan shall be allowed flexibility in setting his own office hours, provided that Jordan shall work as necessary during customary business hours to satisfactorily perform his City Manager duties and responsibilities and be available to other City staff during customary business hours. This position is exempt from FSLA overtime pay requirements therefore Jordan shall not be entitled to additional compensation for any work performed in excess of the City's regular workweek.

Jordan shall keep the Administration Office Staff aware of his office schedule.

Jordan shall provide reasonable written notice to the City Council when he anticipates an absence from the City for two or more business days.

E. **Exclusive Employment.** The employment provided for by this Agreement shall be Jordan's sole employment. Recognizing that certain outside consulting or teaching opportunities provide indirect benefits to the City and the community, subject to prior approval by the City Council, Jordan may elect to accept limited teaching, consulting or other business opportunities which do not interfere with or create a conflict of interest (or the appearance of a conflict of interest) with the performance of his duties or obligations under this Agreement, or place the City, the City Council or Jordan in an unfavorable light.

SECTION 2. COMPENSATION – SALARY AND BENEFITS

A. **Salary.**

1. Initial Base Salary. City shall pay Jordan an annual base salary of Two Hundred Twenty Thousand Dollars (\$220,000) (“Base Salary”). Salary shall be paid in bi-weekly installments at the same time as other employees of City are paid. Base salary specifically includes cash benefits of vehicle and cell phone allowances.

2. Changes to Compensation. Should the City Council, upon completion of its annual review of Jordan’s performance pursuant to this Agreement, determine that Jordan has met City’s performance expectations, the City Council shall consider an increase in Jordan’s compensation. Said consideration may include employee performance level, salary survey data and compensation increases granted to other City management employees. Jordan understands and agrees that he has no entitlement to an increase in compensation. City Council will inform Jordan of its decision. Changes to compensation may include adjustment to base salary, bonus or other discretionary benefits.

B. **Benefits.**

1. CalPERS. Jordan will be enrolled into the California Public Employees Retirement System (CalPERS). As a new member, retirement benefits are pursuant to the California Public Employee’s Retirement Reform Act of 2013 (PEPRA) Section 7522.10, employees hired on or after January 1, 2013 will have a retirement formula of 2% @ 62 and will pay up to 50% of the normal CalPERS retirement cost. Employee contribution is currently set at 6.25% and is subject to change based on CalPERS actuarial. CalPERS formula and benefit are subject to change based on future CalPERS law modifications and City policy. The City does not participate in Social Security nor is it currently enrolled for State Disability Insurance.

2. Benefits. Except as otherwise set forth in this Agreement, in addition to the benefits specified herein, Jordan shall be eligible to participate in any and all employee benefits otherwise accorded to City’s unrepresented employees, and not covered under a Memorandum of Understanding, including without limitation to participation in health, dental, vision and other supplemental benefits, and those benefits may be subject to change.

3. Vacation. As of the Effective Date, Jordan shall be credited with eighty (80) hours of vacation and with the equivalent of 14 years of continuance service for purpose of setting a vacation accrual schedule, thus providing an effective rate of one hundred sixty (160) hours per year. Jordan shall be entitled to accrue, use or redeem vacation leave in whatever manner is permitted pursuant to City policy, as same may be amended from time to time by action of the City Council.

4. Sick Leave. As of the Effective Date, Jordan shall be credited with forty (40) hours of sick leave and accrue sick leave at a rate of ninety-six (96) hours per year. Jordan shall be entitled to accrue, use or redeem sick leave in whatever manner is permitted pursuant to City policy, as same may be amended from time to time by action of the City Council.

5. Management Leave. As of the Effective Date, Jordan shall be credited with eighty (80) hours of Management Leave and shall thereafter be entitled to accrue Management Leave in the amount of eighty (80) hours per fiscal year. Jordan shall be entitled to accrue, use or redeem Management Leave in whatever manner is permitted pursuant to City policy, as same may be amended from time to time by action of the City Council.

SECTION 3. ADDITIONAL EXPENSES

A. **Professional Development, Dues and Subscriptions.** City agrees to pay for the professional dues, subscriptions, and other costs of Jordan deemed necessary for his participation in national, state, regional, and local associations and organizations and in meetings, conferences, and training related thereto, including but not limited to the International City/County Management Association, League of California Cities, and County City Managers' Association, which are considered mutually desirable for his continued professional participation and growth and for the good of the City, subject to budgetary approval and City Council oversight.

B. **Business Expenses.** City shall reimburse Jordan for all necessary and appropriate business expenses, including, but not limited to, the costs of business meetings, business meals, staff functions and special events attended in an official capacity, subject to any guidelines the City Council may impose.

C. **Vehicle and Cell Phone Expenses.** Notwithstanding Section 2.A, Jordan: (1) is not entitled to allowance or reimbursement of expenses associated with use of his personal vehicle, including no mileage reimbursement; (2) shall have access to pool cars consistent with City policies, else subject to Council approval; (3) is required to have cell phone for business use, however he is not entitled to allowance or reimbursement of expenses associated with use of that cell phone.

SECTION 4. RELOCATION AND HOUSING ALLOWANCE

A. **Relocation Assistance.** City shall provide up to \$30,000 reimbursement to Jordan for expenses associated with moving, temporary storage of household goods, and up to three (3) months lodging pending his acquisition of permanent housing. Reimbursement will be made upon presentation to City of receipt(s) for reasonable costs.

B. **Housing Loan.** Should Jordan purchase a residence and property ("Property") within the City of Los Altos no later than August 31, 2017, City agrees to make available to Jordan a housing loan of up to Two Million Dollars (\$2,000,000 ("City Loan") providing that said City Loan shall not exceed ninety percent (90%) of the Property purchase price. City Loan shall be limited to purchase of Property within City limits and shall be Jordan's primary residence. Said loan shall be evidenced by a Promissory Note made by Jordan payable to the City and secured by a First Deed of Trust on the Property. The principal amount of the loan shall bear interest at the 5 Year Treasury Rate as of the Effective Date (i.e. September 1, 2016) amortized over a thirty (30) year period and recalculated to the 5 Year Treasury Rate every five years of the original date of the loan.

Jordan shall pay principal and interest for the loan amount which shall be amortized and payable in equal bi-weekly installments through an automatic payroll deduction with the entire balance due in thirty (30) years.

Jordan shall be responsible to pay all applicable taxes, insurance and homeowners fees and be responsible at his expense to maintain the Property in good and habitable conditions at all times.

The loan may be prepaid earlier without penalty.

The Promissory Note shall be due and payable in full:

(i) within twelve (12) months of Jordan's termination by the City pursuant to Section 6.A.1 herein; or Jordan's death; or the date on which the City delivers notice of non-renewal of this Agreement to Jordan (Section 1.C) or

(ii) within six (6) months of the effective date of Jordan's termination if such termination is the result of Termination by Manager (Section 6.B); or termination with cause (Section 6.A.2); or the date on which the City determines, in its reasonable discretion, that the Property is no longer Jordan's primary residence for any reason other than his death.

SECTION 5. PERFORMANCE REVIEW

The intent of the parties is that there be open and constructive communication between the City Council and City Manager regarding the City Manager's performance and City Council expectations regarding such performance. As such,

A. **Initial Performance Expectations.** Within sixty (60) days of the Effective Date, the City Council will establish performance expectations for Jordan.

B. **Annual Review.** The City Council shall conduct annual reviews of Jordan's performance on or around the anniversary of the Effective Date. The objective of such review shall be to maintain an optimal working relationship and a mutual understanding and agreement on duties, responsibilities, and priorities between Jordan and the City Council. Performance expectations are an integral part of the evaluation and may be updated from time to time throughout the year.

C. **Use of Facilitator.** Either the City Council or Jordan may request the involvement of an outside facilitator in such annual reviews. Jordan will arrange for such services with a mutually agreed upon facilitator in a manner that ensures the completion of the review process by the second regular meeting in September.

SECTION 6. TERMINATION AND SEVERANCE

A. **Termination by City.** The following provisions apply to any termination of Jordan's employment by the City:

1. Jordan is an at-will employee who may be terminated for any or no reason. In the event Jordan is terminated for any reason prior to the expiration of the employment term, or any extension, except as set forth in subsection 6.A.2, City shall pay Jordan a severance payment described herein, provided, however, that such severance payment shall be contingent on Jordan first executing a release and waiver of all rights to sue the City or any city employee or official, which release and waiver shall be drafted by the city attorney. The severance payment that Jordan shall be entitled to shall be as follows:

- (a) If termination occurs within first full year of Effective Date of the Agreement and Jordan is willing and able to perform his duties under this Agreement, City shall provide (i) a lump sum payment equal to six (6) months base salary less reimbursed relocation assistance (Section 4.A), (ii) cashout of any accrued leave balances that are compensable (per City policy) upon termination of employment, and (iii) pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA), the City shall reimburse Jordan for COBRA eligible benefits, subject to presentation of receipts, for a six-month period after termination, or until Jordan either secures full-time employment or obtains other health insurance coverage, whichever of these events occurs first. Jordan shall notify City within five (5) days of securing new full-time employment or acquiring health insurance coverage.
- (b) If termination occurs any time after the first full year of the Agreement and Jordan is willing and able to perform his duties under the Agreement, City shall provide (i) a lump sum payment equal to six (6) months base salary, (ii) cashout of any accrued leave balances that are compensable (per City policy) upon termination of employment, and (iii) pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA), the City shall reimburse Jordan for COBRA eligible benefits, subject to presentation of receipts, for a six-month period after termination, or until Jordan either secures full-time employment or obtains other health insurance coverage, whichever of these events occurs first. Jordan shall notify City within five (5) days of securing new full-time employment or acquiring health insurance coverage.

In the event that, at the time of termination, Jordan is under investigation by any law enforcement agency for any reason that would meet the definition of a “for cause termination” as defined in Section 6.2, City may withhold all or part of such severance pay until it is determined if charges will be filed, and if charges are filed, until final judgment is rendered.

This Section shall not apply to non-renewal of this Agreement as set forth in Section 1.C.

2. The City may terminate this Agreement immediately for Jordan’s willful negligence, dishonesty, fraud or because of his conviction of any felonious act, any other illegal act involving use of Jordan’s position for personal gain, any crime involving moral turpitude, or any material breach of this Agreement, which breach is not cured within 30 days after written notice being given of such breach. City shall have no obligation to pay the severance or the other benefits set forth in Section 6.A of this Agreement. Such termination shall herein be referred to as a termination “for cause.”

3. Termination of this Agreement shall require three affirmative votes of the City Council at a lawfully called meeting, as provided by the provisions of the Ralph M. Brown Act (California Government Code §54950 et seq.). Effective date of Termination is at the discretion of the City Council. Except for a “for cause” termination pursuant to Section 6.A.2, the City shall take no action to terminate the services of Jordan before the second Tuesday of March immediately following a regular election at which one or more new members are elected to the City Council, thereby allowing new Councilmembers adequate time to assess Jordan’s performance.

4. In the event that the City Council formally asks Jordan to resign and he is willing and able to perform his duties under this Agreement and the Los Altos Municipal Code, then Jordan shall be entitled to resign and still receive the severance benefits outlined in section 6.A, provided he agrees to the release and waiver requirements in section 6.A.

B. Termination by Manager. Due to the important nature of Jordan’s duties to the City, Jordan shall not terminate this Agreement during the initial three (3) year Term of this Agreement, unless City agrees to such termination in writing. Thereafter, Jordan may terminate this Agreement through a resignation by giving the City notice of his intent to resign and providing an effective date for his resignation that is at least thirty (30) days’ after he provides notice of his intent to resign. Jordan and the City agree that the City has discretion to select an effective date for the resignation that is earlier than the effective date stated by Jordan. If Jordan terminates this agreement through a resignation, he is not entitled to receive any severance payment.

SECTION 7. GENERAL PROVISIONS

A. Indemnification. City agrees to defend, hold harmless and indemnify Jordan against any tort, professional liability claim or demand, or other legal action, whether groundless or otherwise, arising out of an alleged act or omission occurring in the performance of Jordan’s duties. City is not required to indemnify Jordan for any illegal acts committed by Jordan but may agree to do so, in its discretion.

B. Bonding Requirements. City shall bear full cost of the fidelity bond required of Jordan under any law or ordinance in connection with his duties hereunder. This Agreement shall be deemed void and of no effect if Jordan is unable to qualify for any such fidelity bond prior to the Effective Date.

C. Other Terms and Conditions. The Council, in consultation with Jordan shall fix any such other terms and conditions of employment as it may determine from time to time, relating to the performance of Jordan provided such terms and conditions are not inconsistent with or in conflict with the provision of this Agreement or State law.

All provisions of the City Code and regulations and rules of City relating to vacation and sick leave, retirement and pension system contributions, holidays and other fringe benefits and working conditions pertaining to City Department Heads as they now exist or hereafter may be amended, except as otherwise set forth herein also shall apply to Jordan.

D. **Severability.** If any provision, or portion thereof, contained in the Agreement is held unconstitutional, invalid or unenforceable, the remainder of this Agreement, or portion thereof, shall be deemed servable and shall remain in full force and effect.

E. **Notices.** Notices pursuant to this Agreement shall be given by deposit in the custody of the United States Postal Service, postage prepaid, addressed as follows:

Mayor and City Council
City of Los Altos
One North San Antonio Road
Los Altos, CA 94022

Christopher A. Jordan, City Manager
City of Los Altos
One North San Antonio Road
Los Altos, CA 94022
(or to Jordan's home address on file)

Notices also may be personally served in the same manner as applicable to civil judicial practice. Notice shall be deemed given as of the date of personal service or as of the date of deposit of such written notice in the course of transmission by the United States Postal Service. Either party hereto may change their respective address of record by providing written notice thereof in accordance with this Section.

F. **General Provisions.** The text herein shall constitute the entire Agreement between the parties.

1. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing by the City and Jordan. No waiver of either party at any time of the breach of, or lack of compliance with, any conditions or provisions of this Agreement shall be deemed a waiver of other provisions or conditions hereof.

2. This Agreement contains the entire agreement and understanding between the parties and contains all of the terms and conditions of the parties' agreement and supersedes any other oral or written negotiations, discussions, representations, or agreements; provided, however that the Promissory Note referenced in Section 4.B above, and other security instruments related thereto (including, without limitation, a deed of trust and loan agreement) are hereby incorporated by reference into this Agreement. Jordan acknowledges that he has not relied on any promises, statements, representations, or warranties except as set forth expressly in this Agreement.

3. This Agreement shall be binding upon and shall inure to the benefit of the respective heirs, executors, administrators, successors and assigns of the parties, provided, however, that Jordan may not assign his obligations hereunder.

4. This Agreement shall be governed by and construed in accordance with the laws of the State of California, and venue for any action concerning this Agreement shall be limited to the Superior Court for the County of Santa Clara.

5. If any provision, or any portion thereof, contained in this Agreement is held unconstitutional, invalid or unenforceable, the remainder of this Agreement, or portion thereof, shall be deemed severable, shall not be affected and shall remain in full force and effect.

6. The parties hereto acknowledge and agree that, although this Agreement has been drafted by City's legal counsel, Jordan has reviewed, or had an opportunity to review, the terms of this Agreement with his legal counsel. Consequently, the doctrine that ambiguities in an agreement should be resolved against the drafting party shall not be employed in connection with this Agreement and this Agreement shall be interpreted in accordance with its fair meaning.

7. Unless provided for otherwise by this Agreement, all provisions of the Los Altos Municipal Code Chapter 2.01 entitled "City Manager," which are applicable to the City Manager shall remain in full force and effect.

8. Required provisions of California Government Code 53243-53243.4 (and as subsequently amended) are hereby agreed to and expressly made a part of this Agreement.

Christopher A. Jordan

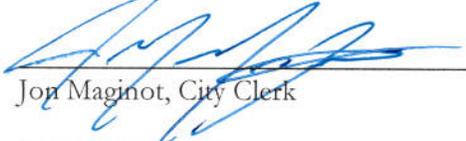


CITY OF LOS ALTOS:



By: Jeannie Bruins, Mayor

ATTEST:



Jon Maginot, City Clerk

APPROVED AS TO FORM:



Jolie Houston, City Attorney