

CITY MANAGER EMPLOYMENT AGREEMENT

This CITY MANAGER EMPLOYMENT AGREEMENT (“Agreement”) is made and entered into as of this 23rd day of July, 2024, by and between the CITY OF PALOS VERDES ESTATES, a California general law city and municipal corporation (hereinafter “City”), and KERRY KALLMAN, an individual (hereinafter “Employee”).

RECITALS

A. It is the desire of the City Council of the City of Palos Verdes Estates (hereinafter the “City Council”) to employ an individual to serve in the position of City Manager, which position is prescribed by state law and the Palos Verdes Estates Municipal Code;

B. Based on Employee’s level of education, experience, skills and expertise to serve as the City Manager of the City, the City Council desires to employ Employee to serve as the City Manager for the City;

C. Employee desires to perform and assume responsibility for the provision of City Manager services to the City;

D. The Parties wish by this Agreement to establish the terms and conditions of Employee’s employment;

E. In doing so, the City Council desires to:

(1) Encourage the highest standards of fidelity and public service on the part of Employee;

(2) Secure and retain the services of Employee and to provide inducement for him to remain in such employment;

(3) Make possible full work productivity and independence by assuring Employee’s morale and peace of mind with respect to future security; and

(4) Provide a just means for terminating Employee’s employment at such time as the City may so desire.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants hereinafter contained, the parties agree as follows:

1. Appointment/Duties. Effective July 23, 2024, City appoints and employs Employee as City Manager for the City of Palos Verdes Estates. Employee accepts employment as City Manager to perform the functions and duties specified in the Palos Verdes Municipal Code and the Government Code of the State of California, and to perform such other legally permissible and proper duties and functions as the City Council may assign during the term of this Agreement. The City reserves the right to amend Palos Verdes Estates Municipal Code Chapter 2.08, including §2.08.050 which defines City Manager functions and duties, as it deems necessary and appropriate without requiring Employee’s acquiescence or requiring an

amendment of this Agreement. Employee agrees to perform all such functions and duties to the best of his ability and in an efficient, competent, and ethical manner. Employee shall not consult or engage in other non-City connected business or employment without the prior knowledge and express written approval of the City Council.

2. Term. This Agreement is effective upon execution. The term of the contract shall be defined as commencing July 23, 2024 and shall continue to July 23, 2027, unless terminated by either party as provided in Section 3 herein.

3. Termination and Resignation.

A. Employee serves at the pleasure of the City Council and is an at-will employee. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of the City Council to terminate, by a majority vote of the City Council, the services of Employee without cause, at any time, subject only to the City providing written notice to Employee and complying with paragraph 3.D, below. City's obligation to make contributions to Employee's retirement plan and pay any other benefit the City provides to Employee shall cease upon termination of the employer-employee relationship. Employee expressly waives any rights provided under the City's personnel rules, the Palos Verdes Estates Municipal Code, or under other local, state or federal law to any other form of pre- or post-termination hearing, appeal, or other administrative process pertaining to termination.

B. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of Employee to resign at any time from his position with City, subject only to Employee providing 30 days' prior written notice to the City. Employee's resignation shall be deemed accepted upon delivery of a written resignation to the Mayor, or if the Mayor is unavailable, the Mayor Pro Tem.

C. Notwithstanding the provisions of Paragraph A of this Section 3, in the event Employee is terminated by City for "cause," then City may terminate this Agreement immediately and Employee shall be entitled to only the compensation accrued up to the date of termination. As used in this section, "cause" includes any of the following:

- (1) Conviction of, or plea of guilty or nolo contendere to, any crime or offense (other than minor traffic violations or similar offenses) which is likely to have a material adverse impact on the City or on the Employee's reputation;
- (2) Proven failure of the Employee to observe or perform any of his duties and obligations, if that failure continues for a period of thirty (30) business days from the date of his receipt of notice from the City Council specifying the acts or omissions deemed to amount to that failure;
- (3) Conviction of any crime involving an "abuse of office or position," as that term is defined in Government Code Section 53243.4;
- (4) Repeated failure to carry out a directive or directives of the City Council made by the City Council as a body at a Brown Act-compliant meeting; and

(5) Any grossly negligent action or inaction by Employee that materially and adversely: (a) impedes or disrupts the operations of City or its organizational units; (b) is detrimental to employees or public safety; or (c) violates City's properly-established rules or procedures.

D. In the event Employee's employment is terminated by the City Council at any time that Employee is still willing and able to perform the duties of City Manager, and the termination is without cause as "cause" is defined in Paragraph C above, then, subject to the limitations set forth in Government Code Section 53260, and within 30 days of delivery to the City of an executed Separation Agreement and release of all claims in a form acceptable to the City, the City shall pay Employee a lump sum cash payment equal to 6 months' salary. Up to an additional six (6) months may be available through the California Joint Powers Insurance Authority--subject to the terms of that insurance--starting in the seventh month after termination if Employee is unemployed, or receiving a salary less than defined in this Agreement (in which case Employee would not be eligible to receive more than the difference in salary between his then current salary and the salary defined in this Agreement).

(1) The word "termination" in this paragraph shall include a reduction in salary (other than an across-the-board reduction applicable to all senior level employees) or other financial benefits of Employee or Employee's resignation, if preceded by a formal request by a majority of the City Council that he resign. The word "termination" does not include the City's election not to extend the term of this Agreement.

E. Employee shall not be removed from office during or within a period of ninety days following any general municipal election at which a member of the City Council is elected. Employee may waive this limitation on his removal.

4. Revolving Door. Employee shall comply with Palos Verdes Estates Municipal Code §2.38.010 for a period of two years after separating from service with City. This section will survive termination of this Agreement.

5. Compensation.

A. Salary. City agrees to pay Employee for the services required by this Agreement an annual salary of Two Hundred Fifty Thousand Dollars (\$250,000.00) payable in installments at the same time as other employees of the City are paid.

B. Signing Bonus. City further agrees to pay Employee a one-time signing bonus in the amount of Ten Thousand Dollars (\$10,000.00) payable to Employee upon Employee's execution of this Agreement. Such signing bonus is separate from and not part of Employee's salary.

C. Annual Salary Review. Employee's base salary will be reviewed annually by the City Council and Employee as part of his performance evaluation, and may be increased in the sole discretion of the City Council. In undertaking such review, the City Council will consider such factors as: (a) changes in the appropriate consumer price index over a recent 12-month period; (b) the relative position of Employee's salary in the marketplace as compared to that of city managers or chief executives of other comparable cities and public agencies; (c) the City's

financial position and potential impacts on its ability to provide essential government services; (d) Employee's performance; and (e) such other factors as the City Council deems reasonable and appropriate. Employee may submit any information that Employee deems relevant to this determination.

D. Deferred Compensation. During the term of this Agreement, Employee will be eligible to contribute to a 457 plan offered by the City. The City will contribute a matching amount of up to 5% of the Employee's base salary into Employee's 457 plan in equal installments and only during the term of this Agreement and Employee's employment as City Manager. This is separate from and not part of Employee's salary.

E. Technology. City will provide for Employee's use during the term of this Agreement a cellular phone to be used primarily for City-related business. City will also provide for Employee's use a laptop computer.

F. Car Allowance. City agrees to pay Employee a monthly car allowance of Four Hundred Dollars (\$400.00) per month. The car allowance is intended to reimburse Employee for the use of his private vehicle for City business. Employee must provide his own automobile for his use in performing his duties and is responsible for all maintenance, repair, fuel and insurance expenses for said vehicle.

G. Hours of Work. Employee is expected to engage in those hours of work necessary to fulfill the obligations of the position. Employee must be available to other staff and members of the public during City's regular hours of business, and generally Employee is expected to be working during such regular hours of business. Employee's position also requires frequent time worked outside of customary business hours (e.g., to attend City Council meetings or other functions on City's behalf). As such, Employee's daily and weekly work schedule will vary in accordance with the work to be performed and in accordance with direction provided by the City Council. Employee shall be exempt from paid overtime compensation and from Fair Labor Standard Act work hours restrictions and may modify his schedule within reason to adjust for attendance at meetings at night and during other times outside of ordinary business hours.

6. Retirement and Insurance Benefits.

A. Retirement. Employee is entitled to membership in the Public Employees Retirement System in accordance with the terms of the City's contract with PERS and, subject to PERS confirmation, Employee's PERS plan formula is 2% at 55. Employee must contribute and bear the full cost of the employee's portion of PERS membership, which is currently at least 7%.

B. Medical Insurance. City will provide Employee health insurance equal to the management administration classification per month. This sum will be increased annually by the amount of the increase in premium cost, if any, awarded to the management employees.

C. Life Insurance. City will provide Employee a term life insurance policy in the face amount of \$200,000.

D. Disability Insurance. City will provide long-term disability insurance for Employee's benefit. The City reserves the right to terminate the disability insurance should the premium

costs increase by more than 25% in any policy year. If Employee utilizes the Long-Term Disability Plan, he shall not accrue vacation, sick leave, holiday pay and any other allowances after the 90th day of disability.

E. All other insurance at Employee's expense. At his sole expense, Employee may elect to participate in other insurance benefits, including medical, dental and vision insurance, offered by the City. Employee expressly agrees that the City shall not be responsible for the cost of any such insurance or benefits. Employee understands that the City does not offer and, in any event, by this Agreement, he is not entitled to cash in lieu of insurance benefits.

7. Sick Leave, Vacation, Administrative Leave, and Holidays.

A. Sick Leave. Employee shall earn 96 hours of sick leave per year. Sick leave shall be used only in case of sickness or disability of Employee or a member of his immediate family. Sick leave has no cash value.

B. Vacation. Employee shall be entitled to paid vacation in accordance with the personnel rules as applicable to management employees for an employee who has been employed by the City for a period of 10 years as of the date of this Agreement, which shall be prorated during the first year based on length of service. Notwithstanding those rules, Employee may carry over accrued vacation hours from one calendar year to the next, however the vacation maximum balance is 1 time (1x) Employee's annual accrual rate. Once Employee reaches his maximum balance he will not accrue additional hours until Employee's balance drops below the maximum balance. Vacation accrual will recommence after Employee has used his hours and the accrued vacation hours have dropped below the maximum balance. There is no retroactive grant of vacation for the period of time during which the accrued vacation was at the maximum. Employee may also take vacation that accrues during his first year of employment.

C. Administrative Leave. Employee shall be provided up to 12 days of Administrative leave each calendar year (under the City's current work schedule). Administrative leave does not accrue or carry over from year to year and it has no cash value, and shall be prorated during the first year based on length of service.

D. Holidays. Employee shall be entitled to the same paid holidays as provided to other City employees and authorized by the Municipal Code.

8. Professional Memberships. City agrees to pay Employee's membership dues in the International City/County Manager's Association and CCMF. Employee shall have a reasonable right to attend meetings of such organizations.

9. Professional Development. City agrees to budget for and pay travel and subsistence expenses of Employee for professional travel, official travel, meetings necessary to pursue official and other functions for the City and to continue professional development of Employee, to the extent deemed reasonable by the City Council.

10. General Expenses. City recognizes that certain expenses of a nonpersonal and job affiliated nature may be incurred by Employee. City agrees to reimburse Employee for reasonable expenses that are submitted within 30 days for approval and that are supported by

expense receipts, statements or personal affidavits, and an audit thereof in like manner as other demands against the City.

11. Evaluation of Performance. On or about the one-year anniversary of the commencement of this Agreement, and annually thereafter, the City Council will review and provide Employee with an evaluation of his performance based on criteria established by the City Council with Employee's assistance. The City Council shall again conduct such evaluation on Employee's one year anniversary date and annually thereafter, or at any other time requested by Employee. Notwithstanding the foregoing, the City Council may evaluate Employee and provide him with a written evaluation at any time and may in its discretion synchronize Employee's annual performance evaluations to correspond to the City's fiscal year.

12. Other Terms and Conditions of Employment. The City Council may from time to time fix other terms and conditions of employment relating to the performance of Employee provided such terms and conditions are not inconsistent with or in conflict with the provisions of this Agreement, the Municipal Code, or other applicable law.

14. Assembly Bill 1344 Compliance. To the extent City provides: (i) paid leave to Employee pending an investigation; (ii) funds for the legal criminal defense of the Employee; or (iii) a cash settlement to Employee related to the termination of the Employee pursuant to Paragraph 3 of this Agreement and Government Code Section 53243 et seq., Employee shall fully reimburse the City for any and all amounts paid by the City which fall within subsections (i) through (iii) of this section in the event that the Employee is convicted of a crime involving the abuse of his office or position.

15. General Provisions.

A. The text herein shall constitute the entire agreement between the parties.

B. If Employee dies or becomes incapacitated during the term of this Agreement, any accrued and unpaid wages provided by the terms of this Agreement shall be paid by City to Employee's spouse.

C. If any provision or portion hereof contained in this Agreement is held to be unconstitutional, invalid or unenforceable the remainder of this Agreement or portion thereof shall be deemed severable and shall not be affected and shall remain in full force and effect provided that the principal purposes of the Agreement are not thereby frustrated.

D. City shall bear the cost of any fidelity or other bonds required of Employee under any law or ordinance.

E. This Agreement may be changed or amended by the mutual written consent of City and Employee.

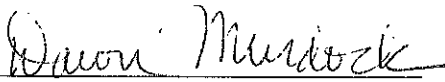
F. Employee is expected to conform to the ICMA Code of Ethics and must comply with all applicable provisions of the City's conflict of interest code.

G. In the event of a dispute in the interpretation or application of the provisions of this Agreement, the parties agree to consider utilization of alternative dispute resolution prior to initiating litigation.

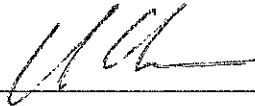
IN WITNESS WHEREOF the parties have executed this Agreement as of the day and year first above written.

CITY OF PALOS VERDES ESTATES,
a general law city.


KERRY KALLMAN,
an individual.



Dawn Murdock, Mayor



ATTEST:



Interim City Clerk

APPROVED AS TO FORM:



Trevor Rusin, City Attorney