

EMPLOYMENT AGREEMENT
(CITY MANAGER)

THIS EMPLOYMENT AGREEMENT (“Agreement”) is made and entered into this 6th day of February, 2018, by and between the City of Riverside a California charter city and municipal corporation (“Employer”) and John Russo (“Employee”), collectively party or parties, both of whom understand and agree to the following:

RECITALS

WHEREAS, the City Council of the City of Riverside (“City Council”), the governing body of the Employer, desires to retain the services of the Employee as the City Manager, as that office has been created in Article VI, Section 600 of the City of Riverside City Charter (“Charter”); and

WHEREAS, it is the desire of the City Council to provide benefits and establish certain terms and conditions of employment as set forth herein.

TERMS

NOW, THEREFORE, in consideration of mutual covenants herein contained, the parties agree as follows:

Section 1. Duties

The City Council hereby agrees to employ the Employee as City Manager of the City of Riverside to perform the functions and duties of the City Manager as specified in the Charter and to perform other legally permissible and proper duties and functions consistent with the office of the City Manager, as the City Council shall from time to time assign. Employee shall also serve as Executive Director of the City’s various Authorities currently in existence, as has been

previously determined by the respective agencies, and any authorities subsequently created by the City Council.

Section 2. Term

The term of this Agreement shall become effective on January, 1, 2018, and shall remain in effect for a period of seven (7) years, unless otherwise terminated pursuant to the provisions stated herein. At the end of the initial term, this Agreement may be extended upon mutual agreement of the parties. During the term of this Agreement, the Employee shall be a full-time City Manager.

Employee shall not engage in any conduct which constitutes a criminal act involving moral turpitude, fraud, malfeasance or act of misfeasance. In the event that Employee is charged with any such conduct, Employee may be subject to discipline up to and including being placed on administrative leave. In the event that Employee is convicted of any such conduct, Employee may be subject to discipline up to and including termination of employment and termination of this Agreement.

Section 3. Salary

The Employer agrees to pay the Employee for services rendered, as provided herein, Three Hundred Twenty Seven Thousand, One Hundred Twelve Dollars (\$327,112) per year, payable in installments at the same time and in the same manner as other employees of the Employer are paid. Employee's annual salary will be increased by four percent (4%) on January 1, 2019 and by an additional three percent (3%) on January 1, 2020 and each subsequent anniversary date of Employee's employment with Employer, unless four (4) councilmembers vote that Employee's performance of his job duties is "unsatisfactory" pursuant to the Annual Performance Review described in Section 12 below. Characterization of Employee's performance will result from a

mandatory Annual Performance Review which is held no later than November of each year as set forth in Section 12 of this Agreement. Should Employer fail to timely organize or otherwise hold the Annual Performance Review, for any reason or for no reason at all, Employee's salary increase will nevertheless become effective on the anniversary of the effective date of this agreement.

Section 4. Deferred Compensation

In addition to the sums otherwise payable to Employee hereunder, the Employer agrees to contribute matching funds to a deferred compensation account in the amount set forth in the Employer's Fringe Benefit and Salary Plan ("FBSP").

Section 5. Pension

The Employer agrees to enroll and continue the Employee as a member of the Public Employee Retirement System. Employee shall pay the required employee contribution.

Section 6. Benefits

The Employer agrees to provide Employee with the same benefits as are provided to the Executive Group of the Employer per the FBSP, including but not limited to accrual of sick leave, medical, dental and optical coverages, and holiday schedule. Employee may purchase disability insurance as set forth in Section 19-1 of the FBSP. Employer agrees to provide the Employee and Employee's family with health, dental and optical insurance coverage, the same offered to the Employer's Executive Group of the FBSP, at no cost to Employee. Employer shall pay for Employee's State of California Annual Bar dues and membership in the International City/County Management Association.

Section 7. Life Insurance

The Employer agrees to procure for Employee, at Employer's expense, a fifteen year term life insurance policy on the life of Employee in the amount of Seven Hundred Thousand Dollars (\$700,000).

- a. Policy is to remain in effect at Employer's expense until December 31, 2024 and thereafter paid by Employee.
- b. If Employee voluntarily leaves employment with Employer before the end of the contract, or if Employee is terminated for any reason as defined in Section 11, Employer will be relieved of any obligation to maintain in force this insurance policy. Employee shall then have the right to maintain this insurance policy at his own expense.

Section 8. Vacation and Administrative Leave

Employee shall receive a one-time allocation of two hundred eighty (280) hours of vacation time effective January 1, 2018. Employee will continue to accrue vacation at a rate of two hundred (200) hours during the calendar year 2018, accruable in the manner provided for the Executive Group (Section 6 and Table 4 of the FBSP), in calendar year 2018. (A summary of the FBSP is attached hereto).

Employee will accrue vacation at the rate of two hundred (240) hours per year beginning January 1, 2019 and will only be entitled to cash out a maximum of one hundred twenty (120) hours accrued in the previous calendar year beginning on January 1, 2019.

Employee will receive eighty (80) hours of administrative leave on July 1, 2018, and one hundred twenty (120) hours per year thereafter. Employee may cash out only a maximum of forty (40) hours of Administrative leave beginning on January 1, 2020. Administrative leave must be

used or cashed out by June 30th of each year, which is the end of each fiscal year. There shall be no carryover of any administrative leave.

Section 9. Automobile Allowance

Employee shall receive an automobile allowance of Five Hundred Dollars (\$500) per month or as may be modified in the future.

Section 10. City Provided Mortgage

Employer shall provide to Employee a 15 year loan, secured by a Deed of Trust in the first position on Employee's family residence in Riverside, in the amount of Six Hundred Seventy Five Thousand Dollars (\$675,000) no later than March 1, 2018.

Employee will repay one-fifteenth (1/15) of the principal amount annually in equal monthly payments due on the first of each month. Each monthly principal payment equals Three Thousand Seven Hundred and Fifty Dollars (\$3,750).

Interest on the unpaid loan principal will be variable and is to be recalculated in January of each year using a rolling average of the Local Agency Investment Fund (LAIF) rate of return for the prior five (5) calendar years. Once calculated, interest will be paid in twelve (12) equal monthly payments due on the first of each month beginning on March 1, 2018 and each calendar year thereafter.

If Employee voluntarily leaves employment with Employer or is terminated for cause as defined in Section 11 of the Agreement, prior to January 1, 2025, the City may declare the mortgage fully due and payable in one hundred eighty (180) days.

If Employee ceases to reside in his current family residence in Riverside, Employer may declare the mortgage fully due and payable in one hundred eighty (180) days. This paragraph shall

not apply in the case of Employee's death as long as Employee's spouse continues to reside in the subject family residence.

Section 11. Termination and Severance Pay

In the event Employee is terminated prior to the expiration of this Agreement, and Employee is willing and able to perform duties under this Agreement, the Employee shall be entitled to a cash payment of compensation equal to one year's annual salary ("Severance Pay"). Notwithstanding the above, in the event Employee is terminated for cause, which is herein defined as any criminal act involving moral turpitude, fraud, malfeasance, or act of misfeasance, then, in that event, Employer shall have no obligation to continue the employment of Employee and shall have no obligation to make the Severance Pay stated above, or continue in force the life insurance policy described in Section 7 above.

Section 12. Performance Evaluation

The City Council shall review and evaluate the performance of the Employee at least once annually and no later than November of each year. The Annual Performance Review shall be in accordance with specific criteria developed jointly by the City Council and the Employee. Such criteria may be added to or deleted as the City Council may from time to time determine in consultation with the Employee, provided, however, that such criteria shall be established within the limits of the resources made available to Employee for accomplishment of the identified goals and objectives. At such Annual Performance Review, the City Council and the Employee shall define such goals and performance objectives which they determine necessarily for the attainment of the City Council's policy objectives and the City Council and the Employee shall further establish a relative priority among those various goals and objectives to be reduced to writing. Employer agrees that it will act in good faith to assure that Employee has available those resources

reasonably necessary to achieve compliance of identified goals and objectives within the anticipated time frames. In giving effect to the provisions of this section, the City Council and the Employee mutually agree to act in good faith and abide by all provisions of applicable law.

Section 13. Outside Teaching Authorization

Employee is authorized to teach one class per semester at a local (Southern California) higher education institution of his choice. Must not be during normal working hours or on City Council nights.

Section 14. Other Terms and Conditions of Employments

The City Council, in consultation with the Employee, shall fix any such other terms and conditions of employment, as it may determine from time to time, relating to the performance of the provisions of this Agreement, the Charter, any ordinance or resolution of Employer, or any other applicable law.

Section 15. Nondiscrimination

Employee agrees that in the performance of Employee's functions and duties, he shall not discriminate on the grounds of race, religious creed, color, national origin, ancestry, age, physical disability, mental disability, medical condition, including the medical condition of Acquired Immune Deficiency Syndrome (AIDS) or any condition related thereto, marital status, sex, genetic information, gender, gender identity, gender expression or sexual orientation.

Section 16. General Provisions

This shall constitute the entire agreement between the parties as to the subject matter hereof and supersedes all prior and contemporaneous oral and written understandings or agreements of the parties. No promise, representation, warranty or covenant not included in this Agreement has been or is relied on by any party thereto. If any provision or any portion hereof is held

unconstitutional, invalid, or unenforceable, the remainder of this Agreement or portion hereof shall be deemed severable, shall not be affected, and shall remain in full force and effect. This Agreement may only be amended in writing and duly execute by both parties.

Section 17. Notices

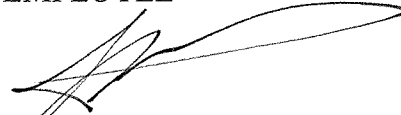
Notices pursuant to this Agreement shall be in writing and shall be personally served, given by mail or by overnight delivery. Any notice given by mail shall be deemed given when deposited in the United States Mail, certified and postage prepaid, addressed to the respective parties at 3900 Main Street, Riverside, California, 92522, or such other address as may be given, in writing, to the other party.

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

EMPLOYER

EMPLOYEE

William R. Bailey, III
Mayor



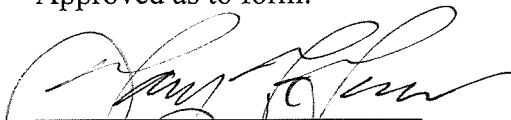
John Russo

Chris MacArthur
Mayor Pro Tem

Attested to by:

Approved as to form:

Colleen J. Nicol
City Clerk



Gary G. Geuss
City Attorney