

EMPLOYMENT AGREEMENT

This agreement, entered into this 8th day of December 2009 by and between the CITY OF SANTA MONICA ("City") and Rodney S. Gould ("City Manager"), is made with the reference to the following:

RECITALS

- A. WHEREAS, the City Council has appointed Rodney S. Gould to the position of City Manager;
- B. WHEREAS, the City and Rodney S. Gould wish to enter into a contract setting forth the terms and conditions of his employment;

NOW, THEREFORE, City and City Manager agree as follows:

Section 1. SALARY AND PERFORMANCE PAYMENT

A. Salary.

City agrees to pay the City Manager an annual base salary of Two Hundred and Eighty Five Thousand Dollars (\$285,000) payable in installments in the same manner and at the same time as other employees of the City are paid. The City will make full payment of the employee contribution to PERS.

B. Future Salary Adjustments and Performance Payment

(1) In July of each year, the City Manager's pay scale shall be automatically adjusted in the same percentage as any cost of living adjustment granted to participants in the Executive Pay Plan for that fiscal year, with the base salary adjusted accordingly.

(2) City Council agrees it will complete an annual performance review of the City Manager. The date of the review each year will be agreed upon by both the City Manager and City Council. As part of the review, City and City Manager agree to jointly define such goals and performance objectives which they determine necessary for the proper operation of the City in the attainment of the City Council's policy objectives. The City Council and City Manager shall establish the relative priority among those various goals and objectives. Said goals and objectives shall be obtainable generally within the time limits as specified in the annual operating and capital budgets and appropriations approved by the City Council. As part of this review, the City Council

may also provide a performance bonus for the City Manager's achievements during the past year. The bonus may be in an amount up to ten (10) percent of the City Manager's base salary, which is the same percentage authorized for the members of the Executive Pay Plan. A decision to provide this bonus is at the complete discretion of the City Council.

Section 2. BENEFITS

A. Effective January 1, 2010, the City Manager shall have those benefits and privileges of employment customarily provided to Department Heads and set forth in the Executive Pay Plan as it may be amended from time to time. The City shall cover the City Manager's COBRA payments for the transfer period between the City Manager's start date of January 22, 2010 and March 1, 2010 insurance activation date.

B. The accrual and use of vacation and sick leave shall be as set forth in the Executive Pay Plan except that, in addition to the benefits provided by that plan, the City Manager shall also commence employment with 21 days of vacation and 12 days of sick leave already accrued.

Section 3. RELOCATION AND TEMPORARY HOUSING ASSISTANCE

A. The City shall pay for the moving expenses of the City Manager. The City Manager shall receive three bids and confer with the Mayor on the selection of a moving company.

B. The City shall provide the City Manager with a temporary housing assistance allowance for up to seven months. The monthly allowance is Two Thousand Dollars (\$2000) and shall not exceed Fourteen Thousand Dollars (\$14,000).

Section 4. HOUSING OPTIONS

A. The City Council prefers that the City Manager live in Santa Monica. The City Manager also desires to live within the City of Santa Monica and would like the option to purchase a home. Under this provision, the City Manager will be granted a loan from the City to purchase a home within the City limits. The City shall provide a home loan to the City Manager at a fixed interest rate of 3.27 percent.

B. The loan shall be made on terms standard for residential real estate loans. The term of the loan shall be no less than 15 years and no more than 30 years. Payment options shall include "interest only" or "principal plus interest". The loan will be secured by the real estate in the manner customary for residential loans.

C. The loan shall not exceed \$1.3 million and the City Manager agrees to provide at least \$200,000 towards the purchase of the home.

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D. The City Manager shall be responsible for property taxes and insurance. The City shall be named on such insurance.

E. Upon separation with the City, the City Manager must, within two years of the separation date, buy out the loan from the City.

Section 5. SEVERANCE PAY

A. The City shall pay to the City Manager severance pay in an amount equal to nine (9) months base monthly salary upon his termination by the City or upon his separation by mutual agreement between the City and City Manager.

For purposes of this Section, "termination by the City" means action by the City Council to terminate City Manager's employment as provided for in City Charter Section 700.

Severance pay shall be paid within thirty (30) days of termination by the City.

Notwithstanding the foregoing, severance pay shall not be required pursuant to this paragraph if the termination of the City Manager was based on good cause. "Good Cause" is defined as follows:

(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 City Manager's reputation; or

(2) Proven failure of the City Manager to observe or perform any of his duties and obligations, if that failure continues for a period of thirty 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.

B. If the City Manager desires to resign his position with the City, he will provide the City Council with at least thirty (30) days written notice. In the event the City Manager resigns his employment with the City, he shall not be entitled to any severance pay. However, the City Manager shall be paid for all accrued and unused vacation and sick leave balances.

Section 6. DURATION OF AGREEMENT

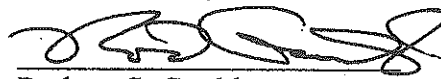
This agreement shall continue in full force and effect until modified by City and City Manager in writing or until such time as City Manager's employment with the City

terminates. Upon the termination of City Manager's employment he shall be paid all accrued benefits under this agreement.

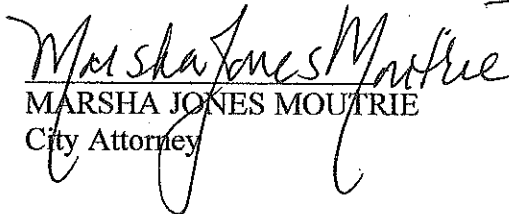
IN WITNESS WHEREOF, this Agreement was executed on the day and year first above written.

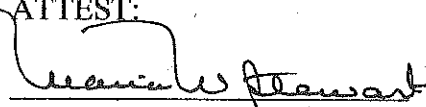
CITY OF SANTA MONICA,
A municipal corporation

By 
PAMELA O'CONNOR, Mayor Pro Tem


Rodney S. Gould
City Manager

APPROVED AS TO FORM


MARSHA JONES MOUTRIE
City Attorney

ATTEST:

MARIA M. STEWART, CMC
City Clerk