

EMPLOYMENT AGREEMENT WITH CITY OF RIO DELL, CA

This employment agreement is made and entered into 17th day of May, 2010 by and between the **CITY OF RIO DELL**, a municipal corporation of the State of California, hereinafter referred as the "**Employer**" and **RONALD D. HENRICKSON**, hereinafter referred to as "**Employee**", both of whom understand as follows:

WHEREAS, **Employer** desires to employ the services of said **Employee** as **City Manager** of the City of Rio Dell; and

WHEREAS, it is the desire of the **Employer** to provide certain benefits, establish certain conditions of employment and set working conditions of said **Employee**; and

WHEREAS, **Employee** desires to accept employment as the City Manager of the said City;

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

SECTION 1. DUTIES

Employer hereby agrees to employ **Employee** as **City Manager** of said **Employer** to perform the functions and duties specified in the Ordinances of said City, pursuant to California Government Code section 36506, and to perform other legally permissible and proper duties and functions as the City Council shall from time to time assign.

SECTION 2. TERM

The term of this agreement shall be for 3 years and fourteen (14) days; from May 17, 2010 to May 31, 2013. It may be extended thereafter by mutual agreement.

SECTION 3. TERMINATION

- A. Nothing in this Agreement shall prevent, limit, or otherwise interfere with the right of the **Employer** to terminate the services of **Employee** at any time subject to the provisions set forth hereafter in this Section 3.
- B. Nothing in this Agreement shall prevent, limit, or otherwise interfere with the right of **Employee** to resign at anytime from this position with **Employer**, subject only to provisions set forth hereafter in this Section 3.
- C. This Agreement of Employment shall be at will and either party may terminate said employment with or without cause for any reason by giving to the other written notice of termination or resignation forty five (45) days prior to the termination date.

- D. In the event the **Employer** gives said forty five (45) day written notice of termination, the City has the option to require the **Employee** to remain at his position for a period of forty five (45) days from date of said Notice of Termination or may require the Employee to refrain from performing said duties, in either event, the Employee shall be paid his regular monthly salary and benefits for a period of three (3) months from the date of notice of termination.
- E. Notwithstanding the above, there shall be a probationary period of employment lasting 90 days from **Employee's** first day of employment. During this probationary period, either party may immediately terminate the employment relationship, with or without notice, and with or without cause. In such event, there shall be no notice period required, and said termination may be effective immediately upon receipt.

SECTION 4. SUSPENSION OR REMOVAL

The **Employee** may be suspended, removed, or dismissed from the service of the City of Rio Dell with a super majority vote (4) of the Council, pursuant to Section 3 above and in the provisions of City of Rio Dell Ordinance Number 242a (The City Manager Ordinance), except Section 7.01.

SECTION 5. DISABILITY

If **Employee** is permanently disabled or is otherwise unable to perform his duties because of sickness, accident, injury, mental incompetence, or health for a period of four (4) successive weeks beyond any accrued sick leave, or for twenty (20) working days over a thirty (30) day working period, **Employer** shall have the option to terminate this Agreement subject to the pay requirements of Section 3 above, including compensation for accrued vacation, holidays, and other accrued benefits.

SECTION 6. RESIDENCE:

Employer encourages **Employee** to reside within the city limits of Rio Dell. As an incentive, **Employer** agrees to include in **Employee's** compensation package the waiver of the City's basic monthly water and wastewater rates. **Employee** shall pay for use above the monthly base rate as billed.

SECTION 7. SALARY

- A. **Employer** agrees to pay **Employee** for his services rendered an annual salary of Eighty Five Thousand dollars per year (\$85,000.00) beginning May 17, 2010, payable in installments (every two weeks) at the same time and in the same manner as other Employees are paid.
- B. Upon satisfactory completion and performance of one years' employment, **Employee's** salary shall be increased 5% to the annual amount of Eighty Nine Thousand Two Hundred Fifty Dollars (\$89,250.00).

- C. On the second anniversary with satisfactory completion and performance the annual salary shall be increased approximately 3% to the annual amount of Ninety Two Thousand Dollars (\$92,000.00).
- D. On the third anniversary with satisfactory completion and performance the annual salary shall be increased approximately 3% to the annual amount of Ninety Four Thousand Seven Sixty Dollars (\$94,760.00).
- E. On the fourth anniversary and annually thereafter, with satisfactory performance and completion, the Employer and Employee may agree to extend this agreement with a renewal of its terms and conditions.

Employer may adjust said base salary and/or other benefits, including a performance bonus of **Employee** in such amounts and to such extent as the Council may determine desirable on the basis of a salary and performance review at such times as the Council may deem appropriate.

SECTION 8. PERFORMANCE EVALUATION

- A. The City Council shall review and evaluate the performance of the **Employee** as City Manager before the end of the employee's first six months of employment, using such procedure as the Council may deem appropriate. Annually thereafter, the **Employee** shall initiate the annual review process by conducting a self evaluation using the form approved by the City Council for said purpose. Notwithstanding, the Council may evaluate the performance of the City Manager at other times as it may deem appropriate.
- B. From time to time as may be deemed appropriate, the Council and **Employee** shall define such goals and performance objectives which the Council determines are necessary for the proper operation of the City. In the attainment of the Council's policy objectives, the relative priority among those various goals and objectives shall be reduced to writing and considered as part of the annual performance evaluation review.

SECTION 9. HOURS OF WORK

It is recognized that **EMPLOYEE** may very likely devote a great deal of time outside normal office hours to the business of **EMPLOYER** and may be expected to work in excess of forty (40) hours per week. **EMPLOYEE** shall at all times during this period be considered working in a bona fide executive, administrative, or professional capacity under federal or State of California law, and as such shall devote his time to the business of **EMPLOYER** in excess of forty (40) hours per week without receiving or claiming overtime pay or compensatory time off from work. The provision for Executive Leave under Section 12 is intended to compensate the City Manager in part for such extra hours.

SECTION 10. OTHER EMPLOYERS OR OUTSIDE ACTIVITIES

Employee agrees to remain in the exclusive employ of **Employer** and not to become employed by any other employer until termination of this employment relationship. The term "other employment" shall not be construed to include occasional teaching, writing, consulting, or military reserve service performed on Employees time off. **Employee** shall not spend more than

four (4) hours per week in teaching, counseling, or other non-employer connected business without the prior written approval of the City Council.

SECTION 11. AUTOMOBILE

Employee's duties require that he shall have the use at all times during his employment an automobile to perform **Employer's** business. **Employee** shall use his own automobile for such purpose and **Employer** shall reimburse **Employee** the sum of Four Hundred Dollars (\$400.00) per month for all gas, maintenance, insurance and repair of said automobile. **Employee** shall be responsible for paying for all liability, property damage, and comprehensive insurance on said automobile, which shall be considered primary coverage in the event of a claim.

SECTION 12. VACATION, SICK LEAVE, HOLIDAYS, AND EXECUTIVE TIME

- A. Vacation Time: **Employee** shall be entitled to an annual vacation leave with full pay as adopted by the City Council. Upon execution of this agreement **Employee** will have credited to his personal account 24 hours of paid vacation leave. In addition, the **Employee** shall earn vacation credit pursuant to the following schedule:

<u>Years of service</u>	<u>Hours earned per pay period</u>	<u>Vacation hours earned after full year</u>
First to tenth full year (1-10)	4.6154	120 hours

Holidays occurring during vacation leave shall not be counted as days of vacation.

Employee is expected to take vacation time at periods mutually agreeable and convenient between **Employer** and **Employee**. **Employee** is encouraged to take vacation during the year and shall not earn and/or accrue vacation time in excess of 160 hours total.

- B. Sick Leave: **Employer** will credit **Employee's** personal account with five (5) sick days, upon execution of this contract. In addition, sick leave with pay shall be granted at a rate of eight hours of each calendar month of full time employment. The **Employee** may earn and accrue sick leave to a maximum of 480 hours total.
- C. Executive Leave: The **Employee** is entitled to Executive Leave each fiscal budget year not to exceed Ten (10) working days as approved by the Council. Executive leave shall not accumulate in excess of Ten (10) working days and shall have no termination payoff value.
- Stricken* ~~D. Holidays: The **Employee** shall be entitled to the same paid holidays as all other City Employees.~~
- E. Compensation for Accruals: **Employee** shall be compensated for accrued vacation, holidays, and other accrued benefits as accorded other Management Employees.

SECTION 13. WORK RELATED EXPENSES REIMBURSEMENT

Employer agrees to reimburse the **Employee** for business related out-of-pocket expenses incurred by the **Employee** in the conduct of City business. **Employee** shall submit an itemization schedule of his out-of-pocket expenses in writing in the form of a purchase order for payment.

SECTION 14. INSURANCE

Medical, Dental and Vision Insurance shall be provided for the City Manager as City provides for other management positions. The contribution amount by the City shall be 100% of the premium costs for these benefits for the employee and 70% of the total premium costs for employee's dependents, depending on their age and status as a student as provided in the plan document.

SECTION 15. RELOCATION REIMBURSEMENT LOAN

Employer may loan **Employee** up to \$5,000.00 for relocation expense from Eagan, Minnesota to Humboldt County, CA, which may include the cost of replacing some household articles instead of shipping them and may provide for the initial and temporary living expense in Humboldt County, CA for the first 30 days of employment. With each full year of employment, the loan balance is reduced by one-third. The outstanding loan balance amount is not pro-rated for fractions of a year. With 3 full years of employment, the loan balance is reduced to zero. Recoupment of the any outstanding loan balance shall be deducted from **Employee's** final paycheck, except where the **Employer** terminates the services of **Employee** subject to the provisions set forth in Section 3, in which case the loan balance shall be forgiven.

SECTION 16. DEFERRED COMPENSATION

The **Employer** is in the process of contracting with the California Public Employees Retirement System (PERS) for retirement benefits for "Miscellaneous Employees". Until such time as that benefit is effectively available, the **Employer** participates in an IRS Section (457) ICMA, Deferred Compensation Program to which it contributes an amount equal to ten percent (10%) of the **Employee's** base salary during such time as the **Employee** is employed by the **Employer**. Once the PERS retirement program is effectively in place, the **Employer** shall pay only the **Employer's** contribution to PERS, and the ICMA (457) program may remain available for **Employee** contributions only.

SECTION 17. LIFE INSURANCE

A TERM LIFE INSURANCE POLICY IN THE AMOUNT OF Fifty Thousand Dollars (\$50,000.00) shall be provided by the **Employer** for the **Employee**, effective during the term of employment.

SECTION 18. AGREEMENT EFFECTIVE

This Employment Agreement shall become effective May 17, 2010, and shall remain in effect for the term of **Employee's** employment, subject to mutually agreed upon amendments.

SECTION 19. INDEMNIFICATION

Employer shall defend, save harmless and indemnify **Employee** 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 **Employee's** duties as City Manager. **Employer** will attempt to compromise and settle any such claim or suit and pay the amount of any settlement or judgment rendered thereon.

SECTION 20. BONDING

Employer shall bear the full cost of any fidelity or other bonds required of the **Employee** under any law or ordinance.

SECTION 21. DUES AND SUBSCRIPTIONS

Employer agrees to budget and pay for the professional dues and subscriptions of **Employee** in the International City Management Association (ICMA) which supports personal growth, advancement and active communication for the benefit of the City.

SECTION 22. TRAVEL EXPENSES

Employer hereby agrees to pay for the travel and subsistence expenses of **Employee** for official and professional travel while on City Business, provided that funds are available in the City Manager's travel budget and the City Council has first approved and authorized said travel and training expenses. Such expenses may include attendance at the League of California Cities Annual Conference, City Managers Department Meeting and the ICMA Annual Conference.

SECTION 23. ATTORNEY'S FEES

Should any litigation be commenced between the parties to this Agreement or the rights and duties of either relationship thereto, the prevailing party in such litigation shall be entitled to such other relief as may be granted, in addition to a reasonable sum for attorney's fees, as determined by the court.

SECTION 24. OTHER TERMS AND CONDITIONS OF EMPLOYMENT

Employer shall provide **Employee** with the use of a City cellular telephone or a cell phone allowance as provided in City Resolutions 1030-2009 and 1069-2010. Furthermore, **Employer**

shall provide **Employee** with the use of a laptop (Notebook) computer compatible with the City Manager's desktop computer, all to be used for City related business.

SECTION 25. 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:

Employer

**Rio Dell City Hall
675 Wildwood Ave
Rio Dell, California 95562**

Employee

**Ronald D. Henrickson
675 Wildwood Ave
Rio Dell, CA 95562**

Alternatively, notices required pursuant to this Agreement may be personally served in the same manner as is 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 in the course of transmission in the United States Postal Service.

SECTION 26. GENERAL PROVISIONS

- A. The text herein shall constitute the entire Agreement between parties.
- B. This Agreement shall be binding upon and inure to the benefit of the heirs at law and executors of **Employee**.
- C. 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.

IN WITNESS WHEREOF, the City of Rio Dell has caused this Agreement to be signed and executed in its behalf by its City Manager, and the **Employee** has signed and executed this Agreement, both in duplicate, the day and year first above written.

EMPLOYEE

Ronald D. Henrickson Date

EMPLOYER

Mayor, City of Rio Dell, Date
State of California

Approved as to Legal Form