



**CITY OF COSTA MESA
HUMAN RESOURCES / RISK MANAGEMENT
SUPPLEMENTAL MEMORANDUM**

TO: THE HONORABLE CITY COUNCIL

FROM: KASAMA LEE, HUMAN RESOURCES MANAGER

DATE: NOVEMBER 18, 2024

SUBJECT: AGENDA ITEM NO. NB-3: ADOPTION OF SALARY AND BENEFIT RESOLUTIONS FOR THE COSTA MESA DIVISION MANAGERS ASSOCIATION (CMDMA), CONFIDENTIAL MANAGEMENT UNIT AND EXECUTIVE EMPLOYEES

For Agenda Item No. NB-3, the CA State Fire Chief and CA State Chief Fire Officer certifications were inadvertently left off of the list of eligible certification pays in Section 11 of Attachment III: Executive Resolution No. 2024-XX. These are currently existing certification pays and not newly negotiated pays. The corrected attachment is attached for your reference.

If you have any questions, please let me know.

- c. Lori Ann Farrell Harrison, City Manager
- Cecilia Gallardo-Daly, Assistant City Manager
- Alma Reyes, Deputy City Manager
- Kimberly Hall-Barlow, City Attorney
- Brenda Green, City Clerk

RESOLUTION NO. 2024-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA, ESTABLISHING NEW JOB CLASSIFICATIONS AND REVISING THE EXECUTIVE COMPENSATION PLAN AND EXECUTIVE SALARY SCHEDULE.

THE CITY COUNCIL OF THE CITY OF COSTA MESA, CALIFORNIA HEREBY FINDS, DETERMINES, AND DECLARES AS FOLLOWS:

WHEREAS, on March 21, 2023, the City Council adopted Resolutions No. 2023-28 and 2023-44, revising the pay ranges and benefits for job classifications in the Executive Salary Schedule; and

WHEREAS, the City Council desires to repeal and replace Resolutions No. 2023-28 and 2023-44 to revise the pay ranges and benefits for the classifications specified therein; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Costa Mesa as follows:

SECTION 1. The Costa Mesa City Council previously established the Executive Compensation Plan to: 1) promote maximum commitment by City executives to objectives and standards of the City Council and City Manager; 2) establish a system in which compensation serves as an effective device for promoting better job performance; 3) foster the identification of an executive employee group and recognize the distinct character of executive jobs; and, 4) improve the City's ability to attract and retain outstanding executives.

SECTION 2. The following job classifications, placed under the Executive Salary Schedule, are hereby revised to reflect the salary ranges and monthly rates of pay specified, effective the pay period including July 1, 2024. The rate of pay for individual executives may be anywhere within the monthly minimum and maximum salary steps.

APPOINTED AT-WILL EXECUTIVES

Class Code	Class Title	Grade	Step							
			1	2	3	4	5	6	7	
0075	Assistant City Manager	810	\$17,284	\$18,148	\$19,055	\$20,008	\$21,008	\$22,058	\$23,161	Monthly
			\$207,408	\$217,776	\$228,660	\$240,096	\$252,096	\$264,696	\$277,932	Annual
			\$99.72	\$104.70	\$109.93	\$115.43	\$121.20	\$127.26	\$133.62	Hourly
0027	Deputy City Manager	853	\$13,819	\$14,510	\$15,235	\$15,997	\$16,797	\$17,637	\$18,519	Monthly
			\$165,828	\$174,120	\$182,820	\$191,964	\$201,564	\$211,644	\$222,228	Annual
			\$79.73	\$83.71	\$87.89	\$92.29	\$96.91	\$101.75	\$106.84	Hourly

APPOINTED AT-WILL SWORN DEPARTMENT DIRECTORS

Class Code	Class Title	Grade	Step							
			1	2	3	4	5	6	7	
0223	Fire Chief	793	\$16,915	\$17,761	\$18,649	\$19,581	\$20,560	\$21,588	\$22,667	Monthly
			\$202,980	\$213,132	\$223,788	\$234,972	\$246,720	\$259,056	\$272,004	Annual
			\$97.59	\$102.47	\$107.59	\$112.97	\$118.62	\$124.55	\$130.77	Hourly
0207	Police Chief	792	\$16,915	\$17,761	\$18,649	\$19,581	\$20,560	\$21,588	\$22,667	Monthly
			\$202,980	\$213,132	\$223,788	\$234,972	\$246,720	\$259,056	\$272,004	Annual
			\$97.59	\$102.47	\$107.59	\$112.97	\$118.62	\$124.55	\$130.77	Hourly

APPOINTED AT-WILL DEPARTMENT DIRECTORS

Class Code	Class Title	Grade	Step							
			1	2	3	4	5	6	7	
0091	Administrative Services Director	775	\$11,837	\$12,429	\$13,050	\$13,703	\$14,388	\$15,107	\$15,862	Monthly
			\$142,044	\$149,148	\$156,600	\$164,436	\$172,656	\$181,284	\$190,344	Annual
			\$68.29	\$71.71	\$75.29	\$79.06	\$83.01	\$87.16	\$91.51	Hourly
0080	Economic and Development Development Services Director	850	\$14,998	\$15,748	\$16,535	\$17,362	\$18,230	\$19,142	\$20,099	Monthly
			\$179,976	\$188,976	\$198,420	\$208,344	\$218,760	\$229,704	\$241,188	Annual
			\$86.53	\$90.85	\$95.39	\$100.17	\$105.17	\$110.43	\$115.96	Hourly
0069	Finance Director	772	\$15,022	\$15,773	\$16,562	\$17,390	\$18,260	\$19,173	\$20,132	Monthly
			\$180,264	\$189,276	\$198,744	\$208,680	\$219,120	\$230,076	\$241,584	Annual
			\$86.67	\$91.00	\$95.55	\$100.33	\$105.35	\$110.61	\$116.15	Hourly
0049	Information Technology Director	851	\$14,224	\$14,935	\$15,682	\$16,466	\$17,289	\$18,153	\$19,061	Monthly
			\$170,688	\$179,220	\$188,184	\$197,592	\$207,468	\$217,836	\$228,732	Annual
			\$82.06	\$86.16	\$90.47	\$95.00	\$99.74	\$104.73	\$109.97	Hourly
0306	Parks and Community Services Director	735	\$13,549	\$14,226	\$14,937	\$15,684	\$16,468	\$17,291	\$18,156	Monthly
			\$162,588	\$170,712	\$179,244	\$188,208	\$197,616	\$207,492	\$217,872	Annual
			\$78.17	\$82.07	\$86.18	\$90.48	\$95.01	\$99.76	\$104.75	Hourly

Class Code	Class Title	Grade	Step							
			1	2	3	4	5	6	7	
0117	Public Works Director	791	\$14,998	\$15,748	\$16,535	\$17,362	\$18,230	\$19,142	\$20,099	Monthly
			\$179,976	\$188,976	\$198,420	\$208,344	\$218,760	\$229,704	\$241,188	Annual
			\$86.53	\$90.85	\$95.39	\$100.17	\$105.17	\$110.43	\$115.96	Hourly
SWORN DIVISION MANAGERS IN THE CLASSIFIED SERVICE										
Class Code	Class Title	Grade	Step							
			1	2	3	4	5	6	7	
0222	Assistant Fire Chief (Operations)	859	\$14,595	\$15,325	\$16,091	\$16,896	\$17,741	\$18,628	\$19,559	Monthly
			\$175,140	\$183,900	\$193,092	\$202,752	\$212,892	\$223,536	\$234,708	Annual
			\$84.20	\$88.41	\$92.83	\$97.48	\$102.35	\$107.47	\$112.84	Hourly
0209	Deputy Police Chief	860	\$14,595	\$15,325	\$16,091	\$16,896	\$17,741	\$18,628	\$19,559	Monthly
			\$175,140	\$183,900	\$193,092	\$202,752	\$212,892	\$223,536	\$234,708	Annual
			\$84.20	\$88.41	\$92.83	\$97.48	\$102.35	\$107.47	\$112.84	Hourly
NON SWORN DIVISION MANAGERS IN THE CLASSIFIED SERVICE										
Class Code	Class Title	Grade	Step							
			1	2	3	4	5	6	7	
0224	Assistant Fire Chief (Fire Marshal / Community Risk Reduction)	860	\$12,191	\$12,801	\$13,441	\$14,113	\$14,819	\$15,560	\$16,338	Monthly
			\$146,292	\$153,612	\$161,292	\$169,356	\$177,828	\$186,720	\$196,056	Annual
			\$70.33	\$73.85	\$77.54	\$81.42	\$85.49	\$89.77	\$94.26	Hourly

SECTION 3. The following job classifications, placed under the Executive Salary Schedule, are hereby revised to reflect the salary ranges and monthly rates of pay specified, effective the pay period including July 1, 2025. The rate of pay for individual executives may be anywhere within the monthly minimum and maximum salary steps.

APPOINTED AT-WILL EXECUTIVES										
Class Code	Class Title	Grade	Step							
			1	2	3	4	5	6	7	
0075	Assistant City Manager	810	\$17,932	\$18,829	\$19,770	\$20,758	\$21,796	\$22,886	\$24,030	Monthly
			\$215,184	\$225,948	\$237,240	\$249,096	\$261,552	\$274,632	\$288,360	Annual
			\$103.45	\$108.63	\$114.06	\$119.76	\$125.75	\$132.03	\$138.63	Hourly
0027	Deputy City Manager	853	\$14,337	\$15,054	\$15,807	\$16,597	\$17,427	\$18,298	\$19,213	Monthly
			\$172,044	\$180,648	\$189,684	\$199,164	\$209,124	\$219,576	\$230,556	Annual
			\$82.71	\$86.85	\$91.19	\$95.75	\$100.54	\$105.57	\$110.84	Hourly

APPOINTED AT-WILL SWORN DEPARTMENT DIRECTORS

Class Code	Class Title	Grade	Step							
			1	2	3	4	5	6	7	
0223	Fire Chief	793	\$17,549	\$18,426	\$19,347	\$20,314	\$21,330	\$22,397	\$23,517	Monthly
			\$210,588	\$221,112	\$232,164	\$243,768	\$255,960	\$268,764	\$282,204	Annual
			\$101.24	\$106.30	\$111.62	\$117.20	\$123.06	\$129.21	\$135.68	Hourly
0207	Police Chief	792	\$17,549	\$18,426	\$19,347	\$20,314	\$21,330	\$22,397	\$23,517	Monthly
			\$210,588	\$221,112	\$232,164	\$243,768	\$255,960	\$268,764	\$282,204	Annual
			\$101.24	\$106.30	\$111.62	\$117.20	\$123.06	\$129.21	\$135.68	Hourly

APPOINTED AT-WILL DEPARTMENT DIRECTORS

Class Code	Class Title	Grade	Step							
			1	2	3	4	5	6	7	
0091	Administrative Services Director	775	\$12,280	\$12,894	\$13,539	\$14,216	\$14,927	\$15,673	\$16,457	Monthly
			\$147,360	\$154,728	\$162,468	\$170,592	\$179,124	\$188,076	\$197,484	Annual
			\$70.85	\$74.39	\$78.11	\$82.02	\$86.12	\$90.42	\$94.94	Hourly
0080	Economic and Development Development Services Director	850	\$15,560	\$16,338	\$17,155	\$18,013	\$18,914	\$19,860	\$20,853	Monthly
			\$186,720	\$196,056	\$205,860	\$216,156	\$226,968	\$238,320	\$250,236	Annual
			\$89.77	\$94.26	\$98.97	\$103.92	\$109.12	\$114.58	\$120.31	Hourly
0069	Finance Director	772	\$15,587	\$16,366	\$17,184	\$18,043	\$18,945	\$19,892	\$20,887	Monthly
			\$187,044	\$196,392	\$206,208	\$216,516	\$227,340	\$238,704	\$250,644	Annual
			\$89.93	\$94.42	\$99.14	\$104.09	\$109.30	\$114.76	\$120.50	Hourly
0049	Information Technology Director	851	\$14,757	\$15,495	\$16,270	\$17,083	\$17,937	\$18,834	\$19,776	Monthly
			\$177,084	\$185,940	\$195,240	\$204,996	\$215,244	\$226,008	\$237,312	Annual
			\$85.14	\$89.39	\$93.87	\$98.56	\$103.48	\$108.66	\$114.09	Hourly
0306	Parks and Community Services Director	735	\$14,056	\$14,759	\$15,497	\$16,272	\$17,086	\$17,940	\$18,837	Monthly
			\$168,672	\$177,108	\$185,964	\$195,264	\$205,032	\$215,280	\$226,044	Annual
			\$81.09	\$85.15	\$89.41	\$93.88	\$98.57	\$103.50	\$108.68	Hourly
0117	Public Works Director	791	\$15,560	\$16,338	\$17,155	\$18,013	\$18,914	\$19,860	\$20,853	Monthly
			\$186,720	\$196,056	\$205,860	\$216,156	\$226,968	\$238,320	\$250,236	Annual
			\$89.77	\$94.26	\$98.97	\$103.92	\$109.12	\$114.58	\$120.31	Hourly

SWORN DIVISION MANAGERS IN THE CLASSIFIED SERVICE

Class Code	Class Title	Grade	Step							
			1	2	3	4	5	6	7	
0222	Assistant Fire Chief (Operations)	859	\$15,143	\$15,900	\$16,695	\$17,530	\$18,406	\$19,326	\$20,292	Monthly
			\$181,716	\$190,800	\$200,340	\$210,360	\$220,872	\$231,912	\$243,504	Annual
			\$87.36	\$91.73	\$96.32	\$101.13	\$106.19	\$111.50	\$117.07	Hourly

Class Code	Class Title	Grade	Step							
			1	2	3	4	5	6	7	
0209	Deputy Police Chief	860	\$15,143	\$15,900	\$16,695	\$17,530	\$18,406	\$19,326	\$20,292	Monthly
			\$181,716	\$190,800	\$200,340	\$210,360	\$220,872	\$231,912	\$243,504	Annual
			\$87.36	\$91.73	\$96.32	\$101.13	\$106.19	\$111.50	\$117.07	Hourly
NON SWORN DIVISION MANAGERS IN THE CLASSIFIED SERVICE										
Class Code	Class Title	Grade	Step							
			1	2	3	4	5	6	7	
0224	Assistant Fire Chief (Fire Marshal / Community Risk Reduction)	860	\$12,650	\$13,282	\$13,946	\$14,643	\$15,375	\$16,144	\$16,951	Monthly
			\$151,800	\$159,384	\$167,352	\$175,716	\$184,500	\$193,728	\$203,412	Annual
			\$72.98	\$76.63	\$80.46	\$84.48	\$88.70	\$93.14	\$97.79	Hourly

SECTION 4. The following job classifications, placed under the Executive Salary Schedule, are hereby revised to reflect the salary ranges and monthly rates of pay specified, effective the pay period including July 1, 2026. The rate of pay for individual executives may be anywhere within the monthly minimum and maximum salary steps.

APPOINTED AT-WILL EXECUTIVES										
Class Code	Class Title	Grade	Step							
			1	2	3	4	5	6	7	
0075	Assistant City Manager	810	\$18,560	\$19,488	\$20,462	\$21,485	\$22,559	\$23,687	\$24,871	Monthly
			\$222,720	\$233,856	\$245,544	\$257,820	\$270,708	\$284,244	\$298,452	Annual
			\$107.08	\$112.43	\$118.05	\$123.95	\$130.15	\$136.66	\$143.49	Hourly
0027	Deputy City Manager	853	\$14,838	\$15,580	\$16,359	\$17,177	\$18,036	\$18,938	\$19,885	Monthly
			\$178,056	\$186,960	\$196,308	\$206,124	\$216,432	\$227,256	\$238,620	Annual
			\$85.60	\$89.88	\$94.38	\$99.10	\$104.05	\$109.26	\$114.72	Hourly
APPOINTED AT-WILL SWORN DEPARTMENT DIRECTORS										
Class Code	Class Title	Grade	Step							
			1	2	3	4	5	6	7	
0223	Fire Chief	793	\$18,163	\$19,071	\$20,025	\$21,026	\$22,077	\$23,181	\$24,340	Monthly
			\$217,956	\$228,852	\$240,300	\$252,312	\$264,924	\$278,172	\$292,080	Annual
			\$104.79	\$110.03	\$115.53	\$121.30	\$127.37	\$133.74	\$140.42	Hourly
0207	Police Chief	792	\$18,163	\$19,071	\$20,025	\$21,026	\$22,077	\$23,181	\$24,340	Monthly
			\$217,956	\$228,852	\$240,300	\$252,312	\$264,924	\$278,172	\$292,080	Annual
			\$104.79	\$110.03	\$115.53	\$121.30	\$127.37	\$133.74	\$140.42	Hourly

APPOINTED AT-WILL DEPARTMENT DIRECTORS

Class Code	Class Title	Grade	Step							
			1	2	3	4	5	6	7	
0091	Administrative Services Director	775	\$12,710	\$13,346	\$14,013	\$14,714	\$15,450	\$16,222	\$17,033	Monthly
			\$152,520	\$160,152	\$168,156	\$176,568	\$185,400	\$194,664	\$204,396	Annual
			\$73.33	\$77.00	\$80.84	\$84.89	\$89.13	\$93.59	\$98.27	Hourly
0080	Economic and Development Development Services Director	850	\$16,105	\$16,910	\$17,756	\$18,644	\$19,576	\$20,555	\$21,583	Monthly
			\$193,260	\$202,920	\$213,072	\$223,728	\$234,912	\$246,660	\$258,996	Annual
			\$92.91	\$97.56	\$102.44	\$107.56	\$112.94	\$118.59	\$124.52	Hourly
0069	Finance Director	772	\$16,132	\$16,939	\$17,786	\$18,675	\$19,609	\$20,589	\$21,618	Monthly
			\$193,584	\$203,268	\$213,432	\$224,100	\$235,308	\$247,068	\$259,416	Annual
			\$93.07	\$97.73	\$102.61	\$107.74	\$113.13	\$118.78	\$124.72	Hourly
0049	Information Technology Director	851	\$15,273	\$16,037	\$16,839	\$17,681	\$18,565	\$19,493	\$20,468	Monthly
			\$183,276	\$192,444	\$202,068	\$212,172	\$222,780	\$233,916	\$245,616	Annual
			\$88.11	\$92.52	\$97.15	\$102.01	\$107.11	\$112.46	\$118.08	Hourly
0306	Parks and Community Services Director	735	\$14,549	\$15,276	\$16,040	\$16,842	\$17,684	\$18,568	\$19,496	Monthly
			\$174,588	\$183,312	\$192,480	\$202,104	\$212,208	\$222,816	\$233,952	Annual
			\$83.94	\$88.13	\$92.54	\$97.17	\$102.02	\$107.12	\$112.48	Hourly
0117	Public Works Director	791	\$16,105	\$16,910	\$17,756	\$18,644	\$19,576	\$20,555	\$21,583	Monthly
			\$193,260	\$202,920	\$213,072	\$223,728	\$234,912	\$246,660	\$258,996	Annual
			\$92.91	\$97.56	\$102.44	\$107.56	\$112.94	\$118.59	\$124.52	Hourly

SWORN DIVISION MANAGERS IN THE CLASSIFIED SERVICE

Class Code	Class Title	Grade	Step							
			1	2	3	4	5	6	7	
0222	Assistant Fire Chief (Operations)	859	\$15,672	\$16,456	\$17,279	\$18,143	\$19,050	\$20,002	\$21,002	Monthly
			\$188,064	\$197,472	\$207,348	\$217,716	\$228,600	\$240,024	\$252,024	Annual
			\$90.42	\$94.94	\$99.69	\$104.67	\$109.90	\$115.40	\$121.17	Hourly
0209	Deputy Police Chief	860	\$15,672	\$16,456	\$17,279	\$18,143	\$19,050	\$20,002	\$21,002	Monthly
			\$188,064	\$197,472	\$207,348	\$217,716	\$228,600	\$240,024	\$252,024	Annual
			\$90.42	\$94.94	\$99.69	\$104.67	\$109.90	\$115.40	\$121.17	Hourly

NON SWORN DIVISION MANAGERS IN THE CLASSIFIED SERVICE

Class Code	Class Title	Grade	Step							
			1	2	3	4	5	6	7	
0224	Assistant Fire Chief (Fire Marshal / Community Risk Reduction)	860	\$13,091	\$13,746	\$14,433	\$15,155	\$15,913	\$16,709	\$17,544	Monthly
			\$157,092	\$164,952	\$173,196	\$181,860	\$190,956	\$200,508	\$210,528	Annual
			\$75.53	\$79.30	\$83.27	\$87.43	\$91.81	\$96.40	\$101.22	Hourly

SECTION 5. Except as expressly provided in the City Manager’s Employment Agreement, the City Manager shall receive the same benefits as the other Executives.

SECTION 6. Effective the payroll period that includes January 1, 2025, the City Manager is eligible to move to Step 4 in the salary range which equates to a three and three quarter percent (3.75%) base salary increase. Effective the payroll period that includes January 1, 2026, the City Manager is eligible to move to Step 5 in the salary range which equates to a three and a half (3.5%) base salary increase. Effective the payroll period that includes January 1, 2027, the City Manager is eligible to move to Step 6 in the salary range which equates to a three and a half (3.5%) base salary increase..

Class	Class Title	Grade	Eff	Eff	Eff	Eff	Eff	Eff	
			12/29/2021	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027	
Code			1	2	3	4	5	6	
0076	City Manager	850	\$25,000	\$25,750	\$26,523	\$27,518	\$28,481	\$29,478	Monthly
			\$300,000	\$309,000	\$318,276	\$330,216	\$341,772	\$353,736	Annual
			\$144.23	\$148.56	\$153.02	\$158.76	\$164.31	\$170.07	Hourly

SECTION 7. The City of Costa Mesa has contracted with the California Public Employees Retirement System (CalPERS) to provide retirement benefits to eligible City employees.

7.1 CalPERS - Miscellaneous Members

Employees covered by this resolution who do not meet the definition of “new member” under the California Public Employees’ Pension Reform Act of 2013 (PEPRA) (those unit members shall be referred to as “classic members”) are enrolled in either the CalPERS retirement plan provided for by Government Code § 21354.4, and commonly referred to as the 2.5% at age 55 retirement plan (“tier 1”), or the 2% at 60 formula provided for by Government Code § 21353 (“tier 2”).

A. Classic Members:

Effective April 16, 2017, the total contribution for tier 1 (2.5% @ 55) unit members will be 12% of compensation earnable, inclusive of statutory employee contributions and all cost sharing. The total contribution for tier 2 (2% @ 60) unit members will be 10% of compensation earnable, inclusive of statutory employee contributions and all cost sharing.

Effective the pay period that includes July 1, 2023, classic member employees subject to the 2.5%@55 formula shall have their cost sharing per Government Code section 20516(a) reduced by 1.469% for a net contribution of one percent (1%) and cost sharing pursuant to 20516(f) will be reduced from 1.531% to 0%.

Effective the pay period that includes July 1, 2023, classic member employees subject to the 2%@60 formula shall have their cost sharing per Government Code section 20516(f) reduced by 1% for a net contribution of two percent (2%).

B. New Members: Under PEPRA (see section 3.4 below):

Effective April 16, 2017, the total contribution for PEPRA tier 3 (2% @ 62) unit members will be 9% of pensionable compensation, inclusive of statutory employee contributions and cost sharing.

7.2 CalPERS - Safety Police Members

Employees covered by this resolution who do not meet the definition of “new member” under the California Public Employees’ Pension Reform Act of 2013 (PEPRA) (those unit members shall be referred to as “classic members”) are enrolled in the CalPERS retirement plan provided for by Government Code § 21362.2, and commonly referred to as the 3% at age 50 retirement plan (“tier 1”).

A. Classic Members:

Effective April 16, 2017, the total contribution for tier 1 (3% @ 50) unit members will be 12% of compensation earnable, inclusive of statutory employee contributions and all cost sharing.

B. New Members: Under PEPRA (see section 3.4 below):

Effective April 16, 2017, the total contribution for PEPRA tier 2 (2.7% @ 57) unit members will be 9% of pensionable compensation, inclusive of statutory employee contributions and cost sharing.

73 CalPERS – Safety Fire Members

Employees covered by this resolution who do not meet the definition of “new member” under the California Public Employees’ Pension Reform Act of 2013 (PEPRA) (those unit members shall be referred to as “classic members”) are enrolled in either the CalPERS retirement plan provided for by Government Code § 21362.2, and commonly referred to as the 3% at age 50 retirement plan (“tier 1”) or the 2% at 50 formula provided for by Government Code § 21362 (“tier 2”).

A. Classic Members:

Effective June 21, 2020, the total contribution for tier 1 (3% @ 50) unit members will be 15% of compensation earnable, inclusive of statutory employee contributions and all cost sharing. The total contribution for tier 2 (2% @ 50) unit members will be 15% of compensation earnable, inclusive of statutory employee contributions and all cost sharing.

Effective the pay period that includes July 1, 2023, classic member employees subject to the 2%@50 formula shall have their cost sharing per Government Code section 20516(f) reduced by 2% for a net contribution of three percent (3%).

B. New Members: Under PEPRA (see section 7.4 below):

Upon adoption of this resolution by the City Council, the total contribution for PEPRA tier 3 (2.7% @ 57) will be 9% of pensionable compensation, inclusive of statutory employee contributions and cost sharing.

7.4 THE CALIFORNIA PUBLIC EMPLOYEES' PENSION REFORM ACT OF 2013 (PEPRA)

As it may from time to time exist, the PEPRA shall in its entirety be given full force and effect. PEPRA includes, but is not limited to, the provisions described below:

Members hired on and after January 1, 2013, deemed to be a "new member" as defined in Government Code § 7522.04, shall individually pay an initial Member CALPERS contribution rate of 50% of the normal cost rate for the Defined Benefit Plan in which said "new member" is enrolled, rounded to the nearest quarter of 1%, or the current contribution rate of similarly situated employees, whichever is greater.

Members who are "new members" on and after January 1, 2013, shall be enrolled in the PEPRA provided for 2% @ 62 retirement formula for miscellaneous employees (Govt. Code § 7522.20), or 2.7% @ 57 for safety employees (Govt. Code § 7522.25(d)).

Members who are "new members" on and after January 1, 2013, shall have "final compensation" measured by the highest average annual pensionable compensation earned by the member during a period of at least 36 consecutive months (Section 7522.32.), and their retirement benefits shall be calculated based on "pensionable compensation" (Section 7522.10) rather than "compensation earnable" (Section 20636).

SECTION 8. The following classifications shall be provided with a City vehicle or monthly automobile allowance:

Assigned City Vehicle: Fire Chief, Police Chief, Assistant Fire Chief, Deputy Police Chief

Assigned City Vehicle or up to \$650 Monthly Automobile Allowance, except as expressly provided in the City Manager's Employment Agreement: City Manager

\$575 Monthly Automobile Allowance: Administrative Services Director, Assistant City Manager, Deputy City Manager, Economic and Development Services Director, Finance Director, Information Technology Director, Parks and Community Services Director, Public Works Director

In all situations, the City Manager has the sole discretion to grant, modify or deny use of a City vehicle or grant an allowance for employees covered by this resolution.

SECTION 9. Employees covered by this resolution shall be provided with a \$75 monthly technology allowance. The City Manager has the sole discretion to grant, modify or deny an allowance for employees covered by this resolution.

SECTION 10. With exception of the City Manager, a pay-for-performance evaluation and compensation system will be utilized for all employees in executive job classifications. All compensation increases for executives will be based upon continued meritorious service to the City. Though the City Manager may receive labor marketplace salary adjustments, annual performance evaluations for this position will be conducted in the fall of each year by the City Council.

SECTION 11. Sworn Executives and Managers are eligible to participate in the Management Certification/Education Program based upon the following achievements and criteria:

<u>Certification/ Degree</u>	<u>Eligible Classification</u>	<u>Award</u>
P.O.S.T. Executive Certificate	Police Chief	5.0%
FBI Academy	Police Chief	2.5%
Command College	Police Chief	2.5%
CA State Fire Chief	Fire Chief	5.0%
National Fire Academy - Executive Fire Officer	Fire Chief	2.50%
Master's Degree	Fire Chief	2.50%
P.O.S.T. Management Certificate	Deputy Police Chief	5.0%
CA State Chief Fire Officer	Assistant Fire Chief (Operations)	5.0%

Awards are based on a percentage of base salary. The maximum cumulative award payable to any employee shall not exceed 10.0% of base salary. To the extent permitted by law, the compensation in this section is special compensation and shall be reported as such pursuant to Title 2 California Code of Regulations, Section 571 and 571.1.

An award may be granted, rejected or removed at any time. The City Manager may review and update this program on a periodic basis to ensure its vitality and relevance.

SECTION 12. Sworn Division Managers who have been employed in a full-time sworn law enforcement position (as defined by California Penal Code sections 830.1, 830.2, 830.32 and 830.33 or the out-of-state equivalent as determined by the Chief of Police) or in a full-time sworn fire classification (i.e., Firefighter, Fire Engineer, Fire Captain, Battalion Chief or Fire Division Chief) in a municipal, state, federal fire department or other agency (as determined by the Fire Chief) for twenty-five (25) years or more (with a maximum of 10 years in such a position outside of the City of Costa Mesa) shall receive recruitment and retention incentive pay of ten percent (10%).

SECTION 13. Sworn Division Managers (Deputy Police Chief and Assistant Fire Chief) work without regards to holiday and shall be compensated for holiday time of 104 hours per calendar year. To the extent permitted by law, the compensation in this section

is special compensation and shall be reported as such pursuant to Title 2 California Code of Regulations, Section 571 and 571.1.

SECTION 14. The City shall contribute an amount toward the executive flexible benefit plan bucket for the payment of premiums for affected employees and dependents based upon the following criteria:

- Full family coverage for the PERS Platinum medical plan under the California Public Employees' Retirement System (CALPERS) health insurance programs
- Full family coverage for the Dental Indemnity plan
- Full premium payment for Life Insurance
- For Department Directors, Long Term Disability premium will be based upon the top step salary of the highest-salaried Department Director within the classified service
- For Division Managers, Long Term Disability premium will be based upon the top step salary of the highest-salaried Division Manager within the classified service

Any amounts necessary to maintain benefit premiums in excess of the City contribution specified above shall be borne entirely by the executive employee.

SECTION 15. Employees covered by this resolution shall accrue vacation leave at the following rates and shall be capped at the following maximum levels:

<u>Years of Service</u>	<u>Annual Accrual 40-Hour</u>	<u>Maximum Accrual 40-Hour</u>
1-2	92	184
3-4	116	232
5-9	140	280
10-14	164	320
15-19	188	320
20+	212	320

Vacation Leave Cash-Outs – Each fiscal year, employees will have the following cash-out options: 1) One eighty (80) hour cash-out any time during the fiscal year, regardless of the employee’s maximum accrual and regardless of the employee’s Vacation Leave usage; and, 2) Up to four cash-outs per fiscal year, any time during the fiscal year (irrespective of quarter), based on a “2 for 1” usage ratio, up to a maximum of 80-hours for each cash out. For example, if an employee uses 10 hours of Vacation Leave, the employee could cash out up to 20 hours of Vacation Leave; in order for an employee to cash-out the maximum of 80-hours Vacation Leave, the employee would need to use 40 hours of Vacation Leave.

All employees who are at the Maximum Accrual Level or who may reach the Maximum Accrual Level shall utilize the “Cash-Out” and/or “Vacation Leave” options so as to NOT exceed the Vacation Accrual Ceiling. Other than exceptions granted based upon City and/or Departmental needs as approved by the City Manager, there will no other cash-out of Vacation Leave time beyond the Maximum Accrual rates that have been established.

SECTION 16. The City shall grant Executive Leave to management personnel not to exceed forty (40) hours per year. The City Manager may grant up to an additional sixty (60) hours of Executive Leave.

SECTION 17. Pursuant to the Executive Professional Development Reimbursement Program, the City agrees to reimburse Department Directors up to \$2,300 and Division Managers up to \$1,300 per fiscal year for activities, materials, equipment or fees that will aid in their individual professional development or support employee wellness, mental and physical health. The intent of this program is to encourage and recognize executive staff for pursuing educational, professional or community-oriented activities, enhancing job skills and expertise, and/or purchasing materials/equipment, which improve the executive’s performance and well-being. These activities, materials, equipment or fees are intended to be beyond what is budgeted for individuals through the annual budget cycle. The reimbursement options available

include the following:

- Professional memberships, licenses and certificates that are job-related
- Professional conferences that are job-related including fees and other expenses while attending
- Membership dues in community organizations relevant to the executive's job assignment
- Purchase of job-related professional journals, periodicals, books or other written materials which further knowledge or improvement of effectiveness in performance of duties
- Education fees that exceed the City's annual \$1,250 tuition reimbursement limit
- Activities, materials, equipment or fees that promote employee wellness, mental and physical health
- Direct purchase of qualifying computer equipment defined in Administrative Regulation 2.29

The Assistant City Manager must approve participation in the activities and/or purchase of the materials/equipment in advance. Claims for reimbursement must be accompanied by documentation that an eligible expense has been incurred during the fiscal year for the executive employee only. Employee may not request reimbursement for any activities, materials, equipment or fees that have already been reimbursed through a Flexible Spending Account, Health Savings Account or similar program. Any portion of the reimbursement amount not incurred within the fiscal year shall remain City funds unless prior approval has been received by the City Manager. Requests to carry forward unencumbered amounts to the next fiscal year must receive approval by the City Manager prior to the end of the fiscal year. All payments will be in the form of reimbursement and no executive employee will directly receive cash for this benefit. Reimbursements, which are subject to taxation, will be processed through the payroll system. The Finance Department shall administer this program in accordance with the stated purpose and will provide the appropriate forms and procedures. This reimbursement program does not prohibit individual departments from continuing to budget funds for executive staff attendance at professional conferences and seminars, for the payment of professional

membership dues, and/or for the purchase of books, journals and written materials that are job-related and will enhance an executive's knowledge or expertise.

SECTION 18. The 401(a) deferred compensation plan provides executives with another tax-deferred savings plan for future financial planning. Executives and Department Directors covered by the Executive Compensation Plan and executive salary schedule shall receive a \$15,000 annual contribution to the City's 401(a) plan. Division Managers covered by the Executive Compensation Plan and executive salary schedule shall receive 0.5% per pay period for those who elect to participate in the 401(a) plan.

Except as provided in the City Manager's Employment Agreement, executives must make any and all 457 deferred compensation contributions. The City shall contribute to City Manager's 457 account the maximum annual contribution permitted, including applicable catch-up provisions. The City will also calculate a contribution to a defined contribution plan for the Fire Chief in an amount to be determined by an actuarial valuation performed by a professional actuary.

SECTION 19. All resolutions and parts of resolutions in conflict herewith are hereby rescinded.

PASSED AND ADOPTED this 19th day of November, 2024.

John Stephens, Mayor

ATTEST:

APPROVED AS TO FORM:

Brenda Green, City Clerk

Kimberly Hall Barlow, City Attorney

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF COSTA MESA)

I, **BRENDA GREEN**, City Clerk of the City of Costa Mesa, DO HEREBY CERTIFY that the above and foregoing is the original of Resolution No. 2024-XX and was duly passed and adopted by the City Council of the City of Costa Mesa at a regular meeting held on the 19th day of November , 2024, by the following roll call vote, to wit:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

IN WITNESS WHEREOF, I have hereby set my hand and affixed the seal of the City of Costa Mesa this 20th day of November, 2024.

Brenda Green, City Clerk

**CITY OF COSTA MESA AGREEMENT FOR
THE OFFICE OF CITY MANAGER**

THIS AGREEMENT, made and entered into this ____ day of May, 2019 by and between the CITY OF COSTA MESA, State of California, a Municipal corporation, hereinafter referred to as "the City" and Lori Ann Farrell Harrison, hereinafter referred to as "Employee."

RECITALS:

WHEREAS, the City desires to retain the services of Employee as City Manager of the City of Costa Mesa; and

WHEREAS, the City Council of the City of Costa Mesa desires to provide certain benefits, establish certain conditions of employment and to establish working conditions for Employee; and

WHEREAS, Employee desires to provide said services as City Manager to the City under the terms and conditions hereinafter set forth; and

WHEREAS, Employee represents that she is willing and qualified to provide such services to the City;

WHEREFORE, in consideration of the respective mutual covenants and promises hereinafter contained and made subject to all of the terms and conditions hereof, the parties hereto do hereby agree as follows:

1. DUTIES

- (a) The City hereby agrees to retain the services of Employee as City Manager to perform the functions and duties specified in Title 2, Chapter IV, Article 2 of the Costa Mesa Municipal Code and to perform other legally permissible and proper duties and functions as designated by the City Council from time to time.
- (b) Employee shall prepare and implement an annual plan of Organizational Goals and Objectives which will be incorporated into an annual evaluation tool to assess performance.
- (c) Employee may exercise only those powers expressly granted to her as City Manager through the Costa Mesa Municipal Code, any Resolution, or any minute action of the Council.
- (d) Employee will conscientiously and loyally perform all of the duties, expressed or implied, required of her by the terms of this Agreement, the Costa Mesa Municipal Code, and the duties that may be delegated to her by the Council. Employee understands and agrees that she shall:

- (i) Devote her time, ability and attention to matters of City and the City Council of not less than the regular business hours of the City.
 - (ii) Perform her duties within the budget adopted by the Council.
- (e) The City Manager will not, without the prior consent of the Council, do or agree to do, any of the following acts:
- (i) Borrow any amount of money on behalf of the City;
 - (ii) Enter into any contract on behalf of the City in excess of the limits established by ordinance or resolution;
 - (iii) Expend any amount in excess of the amounts budgeted for expenditure by the Council except as permitted within the City's adopted ordinance, resolution or policy regarding the City Manager's budget authority;
 - (iv) Sell any assets of the City except in strict accordance with the City's adopted ordinance, resolution or policy on disposition of surplus property.

2. TERMS OF AGREEMENT

- (a) Employee agrees to remain in the exclusive employment of the City and not to become otherwise employed while this Agreement is in effect. Employee agrees that any other employment engaged in by her shall not interfere with the performance of her duties under this Agreement.
- (b) The term of this Agreement shall commence on July 1, 2019, or such earlier date that Employee and City agree, and remain in effect until terminated by either party hereto as provided herein.
- (c) This Agreement in its entirety may be renegotiated at any time so long as City and Employee desire and mutually agree to such terms in writing.
- (d) City Manager and the City Council ad hoc committee shall jointly develop metrics to be used to evaluate the annual performance of the City Manager at the commencement of Employee's term of employment. The Mayor and City Council shall conduct a performance evaluation six months after commencement of Employee's term of employment, one year after commencement of Employee's term of employment, and annually thereafter by no later than June 1st in each year during the term of this Agreement. The annual performance evaluation shall include goals set forth by the Mayor and City Council, and the Mayor, City Council and City Manager shall further establish a relative priority among those various goals and objectives, said goals to be reduced to writing. These objectives shall generally be attainable within the time limitations as specified and the annual operating and capital budgets and appropriations provided, subject to and taking account of unexpected circumstances which may arise during any particular

performance period which requires an adjustment to expectations for implementation of goals and objectives and related costs, if any. The failure of the Mayor/City Council to define such goals and performance objectives, and/or to reduce them to writing shall not affect the parties' rights to terminate this Agreement. In the event the performance evaluation results so warrant, there shall be a meeting for discussion as provided for by law any pay or benefit enhancements the Mayor and City Council may feel is warranted. Any revisions to compensation, term or benefits shall be required to be considered and approved only at an open and public meeting. Future annual performance evaluations shall be measured against Employee's achievement of the goals set forth in the previous year's annual performance evaluation. In addition to the required annual performance evaluations, the Mayor and City Council may schedule performance evaluations of Employee as they may deem necessary.

3. TERMINATION

- (a) This Agreement may be terminated by the City Council for cause or misconduct by Employee. After giving notice to Employee that this Agreement is terminated for cause or misconduct, the City shall have no obligation to continue the employment of Employee or to provide compensation or benefits, including severance. For purposes of termination, "cause" is defined as willful breach of duty by Employee in the course of employment or habitual neglect of duty by Employee in the course of employment or continued incapacity of Employee to perform the duties of employment as City Manager. Cause may also include Employee being charged with, or entering a guilty plea or plea of nolo contendere to, or being convicted of, an offense which is a felony or crime of moral turpitude in the State of California; Employee's willful misconduct or gross negligence; or Employee's act of material dishonesty with or theft from the City.
- (b) This Agreement may be terminated by the City Council without cause at any time. If Employee is terminated by the City Council without cause, then Employee is entitled to severance pay as follows: six (6) months' base salary. In no event shall Employee ever receive more than six months' severance pay. Employee shall also be entitled to payout of any unused accrued vacation leave, but no payout for accrued but unused sick leave or executive leave shall be made at termination.
- (c) In the event the Agreement is terminated by the City Council without cause, Employee will receive severance pay in a lump sum or, if expressly authorized by the City Council, may continue to be paid on the normal payroll schedule until all severance pay has been provided.
- (d) Employee may voluntarily terminate this Agreement any time upon thirty (30) days' written notice to the City Council and shall not be entitled to any severance pay or benefits upon such voluntary termination. City Council maintains discretion to accept Employee's resignation immediately and forego the notice period. Nothing in this section entitles Employee to 30 days' pay in lieu of notice.

- (e) Nothing in this Agreement shall prevent, limit, or otherwise interfere with the right of City Council to terminate the services of Employee at any time, at the sole discretion of City Council, in accordance with the Costa Mesa Municipal Code, as the same may be amended from time to time, and in accord with the provisions contained herein.

4. COMPENSATION

- (a) Employee shall receive, as starting salary for her performance of the duties of City Manager, the sum of \$260,000.00 per year, subject to future adjustments which may be approved by the Mayor and City Council following performance evaluations of Employee as provided for in section 2(d) above. City Council shall be mindful of preventing any unintentional salary compaction or regression.

5. EMPLOYEE BENEFITS

- (a) Except as otherwise provided herein, Employee shall be granted the same package of benefits as is being provided to City's Executive Management employees on the effective date of this Agreement. All future changes to the package of benefits provided to City's Executive Management employees shall apply to the level of benefits for Employee unless the Parties so agree. All such benefits, and the benefits described hereunder shall be deemed "fringe benefits" herein. This includes the City's continued participation and contributions of City obligations to the Public Employees Retirement System (PERS), group health, dental and related insurance programs (family coverage) in accordance with the PERS contract with City. The Employee shall be enrolled in the CalPERS 2% at 60 retirement plan, and shall pay the employee contribution percentage provided for in the current salary resolution, as same may be amended from time to time in the future.
- (b) In lieu of mileage reimbursement, City agrees to provide Employee with an automobile allowance in the amount of Five Hundred Seventy-Five Dollars (\$575.00) per month for business. Such allowance shall be paid together with customary monthly payroll practices. Employee will primarily use Employee's personal auto for City business, and will use City vehicles on an exception basis only. This provision does not in any way restrict Employee's use of her personal automobile for personal use.
- (c) Employee shall be entitled to accrue, and have credited to her personal account, vacation, executive leave and sick leave at the same rate as Executive Management employees of the City are provided pursuant to the City's current salary resolution. Employee shall be credited with a sick leave bank of eighty (80) hours upon commencement of employment. Employee shall be credited with a vacation leave bank of eighty (80) hours upon commencement of employment. This credited vacation time will not be subject to pay at separation if Employee separates from employment for any reason during the first year of

this Agreement. In recognition of the Employee's many years of public service, Employee shall accrue vacation leave at the rate of a 20+ year employee of the City. Vacation time accrual is capped at 320 hours. Employee shall also be entitled to holidays, Leave Without Pay and Bereavement Leave on the same basis as Executive Management employees of City are receiving. Any future change to the holiday or leave benefits provided to City's Executive Management employees shall apply to the level of holiday or leave benefits for Employee unless the Parties so agree.

- (d) Pursuant to the current Executive Salary Resolution, Employee shall be credited with forty (40) hours executive leave per year automatically. The Mayor and City Council exercise their discretion to award Employee an additional sixty (60) hours of executive leave in the first year of this Agreement and grant Employee an additional sixty (60) hours of executive leave upon commencement of employment. At Employee's one-year performance evaluation, the Mayor and City Council will evaluate Employee's performance and use of executive leave, and shall determine at that time, and each year thereafter of Employee's employment, the amount of executive leave beyond forty (40) hours, if any, to be granted to Employee. Executive leave is intended to allow Employee time for rest and relaxation and not intended to create a cash benefit. Employee shall not take executive leave as cash/cash out at any time.
- (e) City shall bear the full cost of any fidelity or other bonds required of Employee relating to her service as City Manager under any law or ordinance.
- (f) Should Employee choose to relocate to reside within the City of Costa Mesa, during the first two years of her employment with the City, City will reimburse Employee moving expenses up to \$12,500.00, so long as Employee is still employed for at least forty-five (45) days following her two-year employment anniversary, and provided that the moving expenses to be reimbursed are supported by appropriate documentation/receipts.

6. MEMBERSHIP AND SUBSCRIPTIONS.

- (a) City agrees to budget and pay professional dues and subscriptions on behalf of Employee which are reasonably necessary for Employee's continued participation in national, regional, state or local associations and organizations necessary and desirable for Employee's continued professional participation, growth, and advancement or for the good of City including the International City/County Management Association and League of California Cities. Furthermore, City shall budget and pay for the professional dues and subscriptions to such additional organizations as approved by the City Council.
- (b) City agrees to budget and pay the travel and subsistence expenses of Employee for official travel, meetings, and occasions reasonably adequate to continue the professional development of Employee and reasonably pursued necessary official

and other functions for City, such as the annual conference of the International City/County Management Association, the League of California Cities, and other such national, regional, state and local government groups and committees of which Employee serves as a member, as approved by City Council.

- (c) City agrees to annually budget and pay for training and conference program(s) to enhance Employee's development as City Manager, up to a maximum of \$2,000 per year.
- (d) Employee shall be subject to the City's Travel and Meeting Reimbursement Policy.

7. INDEMNIFICATION

Subject to the provisions of Section 10 hereof, City shall defend, save harmless, and indemnify Employee against any claim for negligent tort or omissions, professional liability claim or demand, or other legal action, whether groundless or otherwise, arising out of an alleged negligent act or omission occurring in the performance of her duties as Employee in accordance with the provisions of California Government Code Section 825. Said indemnification shall extend beyond termination of employment to provide full and complete protection to Employee by City for any acts undertaken or committed in her capacity as Employee, regardless of whether the notice of filing of a lawsuit for such tort, claim, demand, or other legal action occurs during or following employment with City.

8. NOTICES

Any notices to be given hereunder by either party to the other shall be in writing and may be transmitted by personal delivery or by mail, postage prepaid. Mailed notices shall be addressed to the parties as follows:

If sent by Employee to City:

City Clerk
City of Costa Mesa
Costa Mesa, CA 92626

If sent to Employee by City:

Lori Ann Farrell Harrison
5403 E. Wardlow Road
Long Beach, CA 90808

Notices delivered personally shall be deemed communicated as of the date of actual receipt; mailed notices shall be deemed communicated as of the date of postmark.

9. ATTORNEYS' FEES

In the event any legal proceeding is instituted to enforce any term or provision of the Agreement, the prevailing party in said legal proceeding shall be entitled to recover reasonable attorneys' fees and costs from the opposing party in an amount determined by the Court to be reasonable.

10. REIMBURSEMENT TO CITY REQUIRED

Notwithstanding the foregoing, the following provisions requiring reimbursement for certain compensation and/or indemnification provided to Employee by the City apply:

(a) Paid Leave:

Pursuant to Government Code section 53243, in the event that Employee is convicted of a crime involving the abuse of her office or position, as defined by Government Code section 53243.4, with the City, any paid leave or salary provided by the City for the time period in which the Employee is under investigation for such crimes shall be fully reimbursed by Employee to the City.

(b) Legal Defense:

Pursuant to Government Code section 53243.1, in the event that Employee is convicted of a crime involving abuse of her office or position, as defined by Government Code section 53243.4, Employee shall fully reimburse the City for all the costs of her legal criminal defense if a defense has been provided at City expense.

(c) Severance:

Pursuant to Government Code section 53243.2, in the event that Employee is convicted of a crime involving abuse of her office or position, as defined by Government Code section 53243.4, Employee shall fully reimburse the City for any cash settlement, including but not limited to severance pay, paid to Employee related to her termination under this Agreement.

11. ENTIRE AGREEMENT

This Agreement supersedes any and all other agreements whether oral or written, between the parties hereto with respect to the subject matter hereof and contains all of the covenants and agreements between the parties with respect to said matter, and each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that any other agreement or modification of this Agreement shall be effective only if executed in writing and signed by both City and Employee.

12. VALIDITY

The validity in whole or in part of any provision of this Agreement shall not void or affect the validity of any of the other provisions of this Agreement.

13. AGREEMENT VOLUNTARY AND KNOWING

Employee agrees and acknowledges that she has had an opportunity to consult legal counsel in regard to this Agreement, that she has read and understands this Agreement, that she is fully aware of its legal effect, and that she has entered into it freely and voluntarily and based on her own judgment and not on any representation or promises other than those contained in this Agreement. Employee agrees that this Agreement should be interpreted as if mutually prepared and without the same being construed for or against any party.

14. GOVERNING LAW

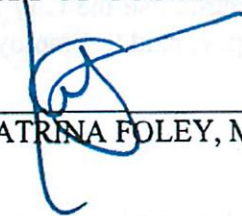
This Agreement shall be governed by and construed in accordance with the laws of the State of California.

15. EFFECT OF WAIVER

The failure of either party to insist on strict compliance with any of the terms, covenants, or conditions of this Agreement by the other party shall not be deemed a waiver of that term, covenant, or condition, nor shall any waiver or relinquishment of any right or power at any one time or times be deemed a waiver or relinquishment of that right or power for all or any other times.

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

CITY OF COSTA MESA:



KATRINA FOLEY, MAYOR


EMPLOYEE:



LORI ANN FARELL HARRISON

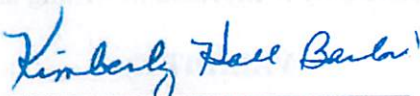
ATTEST:

CITY CLERK, CITY OF COSTA MESA
A Municipal Corporation of the State of California



BRENDA GREEN
CITY CLERK, CITY OF COSTA MESA

APPROVED AS TO FORM:



KIMBERLY HALL BARLOW
CITY ATTORNEY

**CITY OF COSTA MESA FIRST AMENDMENT TO AGREEMENT
FOR THE OFFICE OF CITY MANAGER**

THIS FIRST AMENDMENT TO AGREEMENT FOR THE OFFICE OF CITY MANAGER ("First Amendment"), made and entered into this 25th day of June, 2020 by and between the CITY OF COSTA MESA, State of California, a Municipal corporation, hereinafter referred to as "the City" and Lori Ann Farrell Harrison, hereinafter referred to as "Employee."

RECITALS:

WHEREAS, the City retained the services of Employee as City Manager of the City of Costa Mesa by written agreement dated May 7, 2019 ("the Agreement"); and

WHEREAS, given the extraordinary circumstances facing the City going into the 2020/21 Fiscal Year due to the COVID-19 Global Pandemic and prolonged state of emergency, along with closures of many businesses and associated losses of revenue, the City Manager has requested that the City Council allow her to take a temporary pay reduction for the 2020/21 Fiscal Year commensurate with the temporary furloughs and pay reductions which have been negotiated with the represented and unrepresented employees of the City in an effort to meet the unprecedented financial emergency in which the City finds itself; and.

WHEREAS, the City Council of the City of Costa Mesa recognizes that due to the lengthy state of emergency, Employee has been unable to take the additional Executive Leave granted to her for the 2019/20 Fiscal Year; and

WHEREFORE, in consideration of the respective mutual covenants and promises hereinafter contained and made subject to all of the terms and conditions hereof, the parties hereto do hereby agree as follows:

Section 4 of the Agreement shall be revised for the Fiscal Year 2020/21 only to read as follows:

4. COMPENSATION

- (a) Employee shall take a five percent (5%) reduction in her pay or benefits equivalent to a 5% furlough/reduction which represented and unrepresented employees are taking for fiscal year 2020/21, which reduction will continue for the same period as the employee furloughs, but no later than June 30, 2021.

Effective July 1, 2021, section 4 of the Agreement shall revert to the original terms.

Section 5(d) of the Agreement shall be revised to read as follows:

- (d) Employee shall be entitled to 80 hours of Executive Leave each fiscal year. For the fiscal year 2020/21, Employee may use up to forty (40) hours of that Executive

Leave between July 1, 2020 and December 31, 2020. The remaining forty (40) hours may be used between January 1, 2021 and June 30, 2021. Executive leave is intended to allow Employee time for rest and relaxation and not intended to create a cash benefit. Employee shall not take executive leave as cash/cash out at any time.

Except as expressly modified herein, the remaining terms of the Agreement remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment, the date and year first above written.

CITY OF COSTA MESA:



KATRINA FOLEY, MAYOR

EMPLOYEE:



LORI ANN FARELL HARRISON


ATTEST:

CITY CLERK, CITY OF COSTA MESA
A Municipal Corporation of the State of California



BRENDA GREEN
CITY CLERK, CITY OF COSTA MESA

APPROVED AS TO FORM:



KIMBERLY HALL BARLOW
CITY ATTORNEY

**CITY OF COSTA MESA SECOND AMENDMENT TO AGREEMENT
FOR THE OFFICE OF CITY MANAGER**

THIS SECOND AMENDMENT TO AGREEMENT FOR THE OFFICE OF CITY MANAGER ("Second Amendment"), made and entered into this 5th day of May, 2021 by and between the CITY OF COSTA MESA, State of California, a Municipal corporation, hereinafter referred to as "the City" and Lori Ann Farrell Harrison, hereinafter referred to as "Employee."

RECITALS:

WHEREAS, the City retained the services of Employee as City Manager of the City of Costa Mesa by written agreement dated May 7, 2019 ("the Agreement"); and

WHEREAS, given the extraordinary circumstances facing the City going into the 2020/21 Fiscal Year due to the COVID-19 Global Pandemic and prolonged state of emergency, along with closures of many businesses and associated losses of revenue, the City Manager requested that the City Council allow her to take a temporary pay reduction for the 2020/21 Fiscal Year commensurate with the temporary furloughs and pay reductions which were negotiated with the represented and unrepresented employees of the City in an effort to meet the unprecedented financial emergency triggered by the COVID-19 Pandemic; and

WHEREAS, the City and Employee executed a First Amendment to the Agreement ("the First Amendment") on June 26, 2020, which provided for a five percent (5%) reduction in compensation as was negotiated with all represented and unrepresented employees; and

WHEREAS, between CARES Act and the American Rescue Plan, the City is expected to receive an estimated amount in excess of \$28 million, as a result of which staff requested to end the five percent (5%) furloughs and to provide a one-time reimbursement to employees for the value of the pay reductions implemented since July 1, 2020 this fiscal year; and

WHEREAS, as a result of the impacts of the American Rescue Plan, affected employee associations have met and conferred and have reached agreement to eliminate furloughs and associated compensation reductions, and the City Council desires to provide parity to the City's unrepresented executives including Employee, as they also voluntarily agreed to furloughs and associated compensation reductions to assist the City meet its budgetary needs; and

WHEREFORE, in consideration of the respective mutual covenants and promises hereinafter contained and made subject to all of the terms and conditions hereof, the parties hereto do hereby agree as follows:

Section 4 of the Agreement shall be revised for the Fiscal Year 2020/21 only to read as follows:

4. COMPENSATION

- (a) Effective May 9, 2021, Employee's pay and benefits shall be reinstated to the level set forth in the original Agreement, except that the provisions of section 5(d) as set forth in the First Amendment shall remain in effect until June 30, 2021. Employee will receive a one-time payment equivalent to the reduction already taken.

Except as expressly modified herein, the remaining terms of the Agreement, as amended by the First Amendment, remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment, the date and year first above written.

CITY OF COSTA MESA:



JOHN STEPHENS, MAYOR

EMPLOYEE:



LORI ANN FARELL HARRISON

ATTEST:

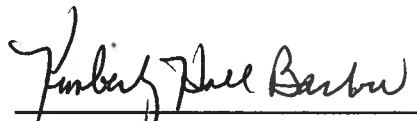
CITY CLERK, CITY OF COSTA MESA
A Municipal Corporation of the State of California



BRENDA GREEN
CITY CLERK, CITY OF COSTA MESA



APPROVED AS TO FORM:



KIMBERLY HALL BARLOW
CITY ATTORNEY

**CITY OF COSTA MESA THIRD AMENDMENT TO AGREEMENT
FOR THE OFFICE OF CITY MANAGER**

THIS THIRD AMENDMENT TO AGREEMENT FOR THE OFFICE OF CITY MANAGER ("Second Amendment"), made and entered into this 8th day of December, 2021 by and between the CITY OF COSTA MESA, State of California, a Municipal corporation, hereinafter referred to as "the City" and Lori Ann Farrell Harrison, hereinafter referred to as "Employee."

RECITALS:

WHEREAS, the City retained the services of Employee as City Manager of the City of Costa Mesa by written agreement dated May 7, 2019 ("the Agreement"); and

WHEREAS, given the extraordinary circumstances facing the City going into the 2020/21 Fiscal Year due to the COVID-19 Global Pandemic and prolonged state of emergency, along with closures of many businesses and associated losses of revenue, the City and Employee entered into a First Amendment to the Agreement to take a temporary pay reduction which was approved by City Council on June 26, 2020.

WHEREAS, pursuant to the CARES Act and the American Rescue Plan, the City is expected to receive an estimated amount in excess of \$28 million, and the City and Employee entered into a Second Amendment to the Agreement which was approved by City Council on May 5, 2021 to end the five percent (5%) furlough and to provide a one-time reimbursement to Employee for the value of the pay reductions implemented since July 1, 2020.

WHEREAS, the City Council conducted a formal performance evaluation of Employee in November 2021.

WHEREAS, in conjunction with the performance evaluation of Employee, the City Council's designated negotiators negotiated with Employee as an unrepresented employee of the City with respect to her pay and benefits during a regularly noticed closed session at a regular meeting on November 16, 2021.

WHEREFORE, in consideration of the respective mutual covenants and promises hereinafter contained and made subject to all of the terms and conditions hereof, the parties hereto do hereby agree as follows:

Section 4 of the Agreement shall be revised effective December 19, 2021 to read as follows:

4. COMPENSATION

- (a) Employee shall receive, as salary for her performance of the duties of City Manager, the sum of \$300,000.00 per year, subject to future adjustments which may be approved by the Mayor and City Council following

performance evaluations of Employee as provided for in section 2(d) above. City Council shall be mindful of preventing any unintentional salary compaction or regression.

- (b) Provided that Employee has satisfactory performance evaluations, Employee shall receive three percent (3%) annual step increases effective the payroll period that includes January 1, 2023, January 1, 2024 and January 1, 2025.

Section 5 of the Agreement shall be revised effective December 19, 2021 to revise subsection (b) as follows:

- (b) In lieu of mileage reimbursement, City agrees to provide Employee with an automobile allowance in the amount of Five Hundred Seventy Five Dollars (\$575.00) per month for business. Such allowance shall be paid together with customary monthly payroll practices. Employee may choose to receive a City owned vehicle for her use as an alternative to receiving an automobile allowance.

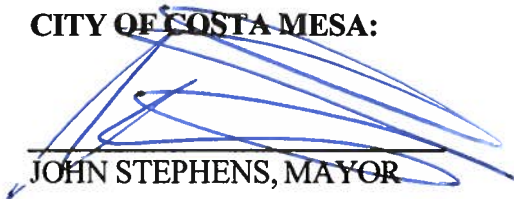
Section 5 of the Agreement shall be revised effective December 19, 2021 to add subsection (g) as follows:

- (g) Employer shall contribute to Employee's 457 account the maximum annual contribution permitted, including applicable catch-up contributions.

Except as expressly modified herein, the remaining terms of the Agreement, as amended June 26, 2020 and May 5, 2021, remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment, the date and year first above written.

CITY OF COSTA MESA:



JOHN STEPHENS, MAYOR

EMPLOYEE:



LORI ANN FARELL HARRISON

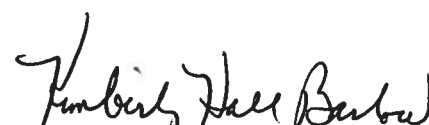
ATTEST:

CITY CLERK, CITY OF COSTA MESA
A Municipal Corporation of the State of California



BRENDA GREEN
CITY CLERK, CITY OF COSTA MESA

APPROVED AS TO FORM:



KIMBERLY HALL BARLOW
CITY ATTORNEY

