

EMPLOYMENT AGREEMENT

This Agreement between the City of Yorba Linda ("City") and Steven A. Rudometkin ("Manager") is made this 20th day of July, 2010.

RECITALS

A. City desires to employ Steve Rudometkin as the City Manager of the City of Yorba Linda as provided by Chapter 2.08 of the Yorba Linda Municipal Code and the terms and conditions set out herein.

B. Manager desires to serve as City Manager of the City of Yorba Linda on the terms and conditions set out herein.

AGREEMENT

NOW, THEREFORE, the parties agree as follows on the terms and conditions of Manager's employment.

1. DUTIES

Effective August 2, 2010 or the date upon which Manager receives approval from CalPERS to reinstate from retirement into active employment if such approval is received after August 2, 2010 ("Effective Date"), City hereby employs Manager, and Manager hereby accepts employment, as City Manager of the City and as Executive Director of the Yorba Linda Redevelopment Agency. Manager shall perform the functions and duties specified for the City Manager of the City in Chapter 2.08 of the Yorba Linda Municipal Code and other ordinances, resolutions and policies of the City and to perform such other legally permissible and proper duties and functions as the City Council of the City (the "Council") may from time to time assign, consistent with the Yorba Linda Municipal Code and other applicable law. The City and

Manager hereby expressly agree that the employment relationship created by this Agreement is "at will" and that the Manager serves at the will and pleasure of the City Council.

2. SEVERANCE AND SEVERANCE PAY AND BENEFITS

(a) In the event that Manager is involuntarily terminated by the Council or a "negotiated settlement" for voluntary termination is approved by the Council, City agrees to pay Manager within fifteen (15) days of the later to occur of (i) the date of termination of employment or (ii) the date of final determination by the Council of the matters subject to a hearing as set forth in this paragraph, a lump sum cash payment ("Severance Pay") equal to six (6) months of the base salary Manager is receiving on the date of the Council's action to terminate Manager, less legally required or authorized deductions, to increase by one month for each year of service, not to exceed 12 months. City shall also continue the health benefits being provided to Manager at the time of termination for the period of Severance Pay, until Manager finds other employment and becomes eligible for health benefits, or until Manager retires, whichever occurs first ("Severance Benefits"). In exchange for and as a condition to receipt of the Severance Pay, Manager shall execute a release and waiver, in a form acceptable to the City Attorney, releasing the City from any claims associated with Manager's termination and waiving any rights to unemployment benefits to which Manager may otherwise be entitled. Pursuant to California Government Code section 53260(a), if this Agreement is terminated, the maximum cash settlement that Manager may receive shall be an amount equal to the monthly salary of Manager multiplied by the number of months left on the unexpired term of this Agreement provided that Manager shall not be entitled to any greater cash settlement than the Severance Pay.

However, in the event Manager is terminated due to the reasonable determination of the Council, based upon the weight of the evidence produced at a hearing conducted by the

Council, that Manager has committed, in the performance of Manager's duties or in any manner that causes harm to Manager's or the City's reputation, either (i) any illegal act involving personal gain to Manager, (ii) gross negligence or (iii) malfeasance, then, and in that event, City shall have no obligation to pay the Severance Pay and Severance Benefits.

Nothing set forth herein shall be deemed to confer upon Manager the right to have a hearing by Council concerning any proposed termination of Manager; provided, however, that Manager shall be entitled to a hearing solely concerning any proposal by the Council not to pay Manager the Severance Pay and Severance Benefits.

(b) In the event Manager terminates his employment as Manager, then Manager shall give City at least six (6) weeks notice of termination in writing in advance of the date of termination, unless mutually agreed upon otherwise. If Manager resigns or retires voluntarily, then City shall have no obligation to pay Severance Pay and Severance Benefits to Manager.

(c) Manager agrees that in the event Manager's employment is terminated, with or without cause, under no circumstances will Manager be entitled to contest the existence or nature of Manager's "at will" employment status, or will Manager be entitled to seek or receive the remedy of reinstatement to employment with the City in any administrative or legal forum. Manager agrees that the sole issue for resolution upon termination of Manager's employment will be whether or not City is obligated to pay to Manager Severance Pay and Severance Benefits.

(d) Notwithstanding the other termination provisions of this Agreement, City agrees not to terminate Manager's employment within one hundred and twenty (120) days following a City election as provided for in Chapter 2.08 of the Yorba Linda Municipal Code.

3. SALARY AND OTHER COMPENSATION

(a) Salary. Commencing on the Effective Date (also "Anniversary Date"), City agrees to pay Manager an annual base salary, exclusive of benefits, in the sum of \$199,200 per year, payable in installments at the same time and by the same methods as other City employees are regularly paid. Manager's base salary includes the corresponding reduction in salary attributable to the unpaid furlough days applicable to all City employees. The City acknowledges that this is a starting salary and may be subject to an increase based upon merit and performance. At least thirty (30) days prior to Manager's Anniversary Date, 2011, the Council shall conduct a performance evaluation of Manager and if a majority of the Council deems Manager to have successfully performed up to the Anniversary Date may, in their sole discretion, grant Manager an increase in base salary based on merit and performance and consistent with the City's compensation policy in effect at the time of said increase. City and Manager agree to review Manager's salary and benefits at the time of Manager's performance evaluation in 2011.

Council may, in its discretion, reduce the salary of Manager due to budgetary constraints, on condition that any such reduction shall not exceed the average reduction applicable to all management employees of the City at the time of reduction in Manager's salary. Furthermore, Manager, in his sole discretion may elect not to receive any salary increase that may be granted hereunder; provided, however, if Manager elects not to receive a salary increase provided hereunder, said salary increase shall be subsequently implemented, on a prospective basis only, upon written request of Manager.

(b) Retirement. City shall pay City's and Manager's contribution to the Public Employee Retirement System ("PERS") during the term of this Agreement.

(c) Attorney's Fees. Manager shall receive a one time reimbursement for attorney's fees in an amount not to exceed one thousand dollars (\$1,000) for costs associated with the review of this Agreement by Manager's independent legal counsel.

4. BENEFITS

(a) General. Manager shall accrue leave benefits at the rates set forth in this Section and in the Management Benefits, provided that upon the effective date of this Agreement, Manager shall receive an advanced credit toward such leave benefits of five (5) days of vacation leave, three (3) days of administrative leave and five (5) days of sick leave.

(b) Vacation Leave. Manager shall accrue vacation at the same rate as other management employees, pursuant to Resolution 2009-4041 attached hereto as Exhibit "A" and as may be amended from time to time by the City Council ("Management Benefits"). For purposes of vacation leave accrual, Manager shall be deemed to have 5 years of service as a regular, permanent employee upon the effective date of this Agreement.

(c) Sick Leave. Manager shall accrue sick leave in accordance with the Management Benefits.

(d) Administrative Leave. Manager shall receive administrative leave up to eighty (80) hours per fiscal year, provided that such administrative leave must be used each fiscal year and cannot be carried over to a subsequent fiscal year.

(e) Vehicle Allowance. Manager shall receive a monthly vehicle allowance of five hundred dollars (\$500) to be used to purchase, lease, or own and to operate and maintain a vehicle. Manager shall be solely responsible for paying for liability, property damage, and comprehensive insurance coverage upon such vehicle and shall further be responsible for all expenses related to the purchase, operation, maintenance, repair, and regular replacement of said vehicle. At a minimum, Manager shall procure and maintain in full force and effect during the

term of this Agreement automobile liability insurance with minimum limits as established by the City's risk manager.

(f) Supplemental Benefits. Except as provided otherwise herein, Manager shall receive any and all other supplemental benefits including, but not limited to, health, dental, life insurance, disability insurance, holidays, retirement benefits (PERS), physical examination, tuition reimbursement and long term disability, as are generally available to management employees of the City as provided by applicable City Resolutions and Personnel Rules. Manager shall be treated as an employee hired prior to July 1, 2001 for purposes of determining the maximum monthly medical/health benefits during the term of this Agreement and upon retirement from Yorba Linda, as set forth in the Management Benefits.

Except as otherwise provided herein, all actions undertaken by City relating to fringe benefits for management employees shall be considered actions affecting the same benefits applicable to Manager. As used herein, fringe benefits include, but are not limited to, vacation, sick leave, administrative leave, holiday pay, retirement (PERS) benefits and payments, health insurance, dental insurance, life insurance and long term disability insurance.

City shall not at any time during the term of this Agreement reduce the base salary, compensation or other employment benefits of Manager, except as permitted by this Agreement.

Notwithstanding anything to the contrary in the Management Benefits or any other rules, regulations or policies of the City pertaining to fringe benefits, Manager shall, upon the Effective Date, be immediately eligible to receive retiree medical, vision and dental benefits upon retirement.

5. PROFESSIONAL DEVELOPMENT, OUTSIDE PROFESSIONAL ACTIVITIES AND GENERAL EXPENSES

(a) Professional Development.

(i) Subject to the Council's discretion to adopt and amend the budget, City agrees to pay for professional dues and subscriptions on behalf of Manager which are reasonably necessary, as determined by the Council, for the Manager's continuation and full participation in national, regional, state or local associations and organizations necessary and desirable for Manager's continued professional participation, growth and advancement, or for the good of the City. Furthermore, City shall pay for any additional professional dues and subscriptions as may be approved by the Council from time to time.

(ii) Subject to the Council's discretion to adopt and amend the budget, City agrees to pay the travel and subsistence expenses of Manager for official travel, meetings and events reasonably necessary to continue the professional development of Manager and reasonably necessary to fulfill official and other functions for the City, all as determined to be reasonable and necessary by the Council. Such meetings and events may include, but are not limited to, the annual International City Management Association meeting and other national, regional, state and local conferences of governmental groups and committees in which Manager serves as a member.

(b) Outside Professional Activities. Manager agrees to remain in the exclusive employ of the City of Yorba Linda while employed by the City of Yorba Linda. This section shall not prohibit occasional teaching, writing, speaking, consulting or other employment for compensation, a fee or other value provided that Manager gives advance written notification to the Council of such teaching, writing, speaking, consulting or other employment. Any teaching, writing, speaking, consulting or other employment performed or engaged in by

Manager during the term of this Agreement shall not interfere with Manager's performance of Manager's duties and obligations under this Agreement.

(c) General Expenses. City recognizes that certain expenses of a non-personal and generally job-affiliated nature are incurred by the Manager, including participation in civic and other local organizations, and hereby agrees to reimburse or pay said general expenses.

Subject to the Council's discretion to adopt and amend the budget, the City Treasurer (or other designated employee) is hereby authorized to disburse funds as needed to fulfill all provisions of this Agreement upon receipt of duly executed expense or petty cash vouchers, receipts, statements or personal affidavits.

City shall bear full cost of any fidelity or other bonds required of Manager under any law or ordinance.

(d) Technology. City shall provide Manager with a cell phone for official City business and shall pay Manager's cell phone bill to the extent necessary and consistent with the City's reimbursement policy adopted pursuant to Assembly Bill 1234, as it may be amended from time to time.

6. PERFORMANCE EVALUATION

(a) The Council and Manager may annually define such goals and objectives for the City which they determine necessary for the proper operation of the City in the attainment of the Council's policy objectives, and the Council and Manager may further establish a priority among those various goals and objectives to be reduced to writing. The process of considering the establishment and priority of goals and objectives of the City shall be conducted and completed generally in July of each year. However, within sixty (60) days of the Effective Date

the City Council shall define goals and objectives, put them in writing and they shall be deemed to be Exhibit "B" to this Agreement ("Goals and Objectives").

(b) The Council, following informal and nonbinding consultation with Manager, shall periodically establish goals and objectives regarding the performance of Manager. The Council shall review and evaluate the performance of Manager at least once annually. Notwithstanding any term or provision of this Agreement to the contrary, Manager shall serve at the will and pleasure of the Council, and the Council shall be entitled to terminate the employment of Manager without cause.

(c) In recognition of the accomplishment of the Goals and Objectives and excellent performance, a one-time performance bonus may be granted to Manager by the Council. Nothing herein shall be deemed to change the "at will" employment status of Manager. In no event shall a bonus be granted by the City Council unless within sixty (60) days of each Anniversary Date the Manager and City Council approve written Goals and Objectives as provided in this section above. Any performance bonus granted pursuant to this Section shall not increase Manager's base salary set forth in Section 3 of this Agreement.

7. TERMS OF EMPLOYMENT

The Council, following informal and nonbinding consultation with Manager, may by motion, resolution or written amendment to this Agreement approved as an official Council meeting agenda item, fix any other terms and conditions of employment as it may determine, from time to time, relating to the performance of Manager, provided such terms and conditions are not prohibited by the provisions of this Agreement, the Yorba Linda Municipal Code or any other rules or regulations of the City.

8. **CONFLICT OF INTEREST PROHIBITION**

It is understood and agreed that because of the duties of Manager within and on behalf of the City of Yorba Linda and its citizenry, Manager shall not, during the term of this Agreement, individually, as a partner, joint venturer, officer or shareholder, invest or participate in any business venture conducting business in the corporate limits of the City of Yorba Linda, except for stock ownership in any company whose capital stock is publicly held and regularly traded, without prior approval of the City Council. For and during the term of this Agreement, Manager further agrees, except for a personal residence or residential property acquired or held for future use as his personal residence and real property acquired by Manager prior to the Effective Date of this Agreement, not to invest in any other real estate or property improvements within the corporate limits of the City of Yorba Linda without the prior consent of the City Council.

9. **ENTIRE AGREEMENT**

This Agreement contains the entire agreement between the parties concerning the subject matter set forth herein and no promise, representation, warranty or covenant not included in this Agreement has been or is relied upon by any party hereto concerning the offer and acceptance of employment described herein.

10. **NO CONTINUING WAIVER**


No waiver of any term or condition of this Agreement by either party shall be deemed a continuing waiver of such term or condition.

11. **EFFECTIVE DATE AND TERM**

The Effective Date of this Agreement shall be August 2, 2010, except if CalPERS' approval of Manager's reinstatement from retirement into active employment is delayed beyond August 2, 2010, in which case the Effective Date shall be that delayed date.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth hereinabove.


CITY:


John Anderson
Mayor

MANAGER:


Steven A. Rudometkin

ATTEST:


Marcia Brown
City Clerk

APPROVED AS TO FORM:

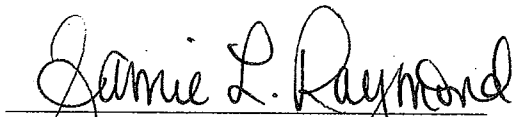

Best Best & Krieger LLP
City Attorney

EXHIBIT "A"

BENEFITS RESOLUTION
MANAGEMENT EMPLOYEES

RESOLUTION NO. 2009-4041

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YORBA LINDA,
RELATING TO THE CLASSIFICATION, COMPENSATION AND TERMS OF
EMPLOYMENT OF MANAGEMENT EMPLOYEES**

WHEREAS, the City desires to provide certain salary increases and changes in benefits to its Management employees effective July 1, 2009.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Yorba Linda as follows:

SECTION 1. Basic Compensation Rules. There is hereby established a basic plan of classification, compensation and terms of employment for all Management employees of the City of Yorba Linda who are now or will in the future be employed in any of the classifications of employment listed in this Resolution.

The basic compensation plan shall consist of the monthly compensation ranges listed in Section 3. The rates of pay shall be interpreted and applied as follows:

- A. The first step is the minimum rate and is normally the hiring rate of the class. The City Manager is authorized to make an appointment to a position at any other level of the salary range when he/she deems it necessary.
- B. Every Management employee in a regular competitive service position shall have a salary anniversary date established at the completion of six (6) months of satisfactory service and shall receive a merit increase at this time upon approval of the City Manager. In the event a Management employee is hired at the third step (C Range) or higher, the salary anniversary date will be established at the completion of one year of satisfactory service and may receive a merit increase at this time upon approval of the City Manager.
- C. Compensation on Transfer. The salary rate and salary anniversary date of an employee who is transferred within the classification shall not change.
- D. Changes in Class Salary Range. If a classification is allocated to a different salary range, an employee in a position in that classification shall be compensated at the same numbered step in the new range as he/she was receiving in the previous range and his/her salary anniversary date shall not change.
- E. Salary on Demotion. A Management employee who is demoted shall have his/her salary rate reduced to the nearest lower salary rate to the classification of position to which he/she is demoted. He/she shall not be required to serve a probation period in the lower position. The effective date of the demotion shall become his/her new salary anniversary date, and he/she shall earn eligibility for annual merit increases thereafter.
- F. Length of Service Required When Advancement Denied. When a Management employee has not been approved for advancement to the next higher salary step, he/she may be reconsidered for such advancement at any subsequent time.
- G. Pay Periods. All Management employees shall be paid on a bi-weekly basis. The basic bi-weekly salary shall be computed by multiplying the monthly salary set forth in this Resolution by twelve (12) months and dividing the resultant product by twenty-six (26) pay periods. The basic hourly rate for all employees with scheduled forty (40) hour week shall be computed by dividing the bi-weekly salary by eighty (80) hours.
- H. Furloughs. For the term of this resolution, a 104 hour furlough has been implemented due to the current budget crisis. The furlough will end on a date certain, within the period of September 1, 2009 to June 30, 2010, based upon the decision of the City with prior notification to the Association. The

work week and work day schedule will be adjusted accordingly with the approval of the City Manager.

SECTION 2. Management Employees. Those employees holding the following positions are hereby designated as Management employees:

CLASSIFICATION

- Assistant City Manager
- City Clerk
- City Manager
- Community Development Director
- Finance Director
- Library Director
- Recreation and Community Services Director
- Public Works Director/City Engineer

SECTION 3. Compensation and Benefit Provisions

<u>Position</u>	<u>Monthly Salary Range</u>
Assistant City Manager	\$12,228 - \$14,936
City Clerk	8,090 - 9,833
City Manager	Set by contract
Community Development Director	10,706 - 13,013
Finance Director	10,815 - 13,146
Library Director	9,867 - 11,994
Parks and Recreation Director	10,251 - 12,460
Public Works Director/City Engineer	11,295 - 13,729

The salary ranges listed above are based on a traditional twenty-one percent range with actual salaries based upon an evaluation. The top step shall be adjusted based on the median salary of a 2008 12-city survey. The City Manager is authorized to adjust Management employees' actual salary based on an evaluation of the employees' performance from July 2009 through June 2010.

The City Manager is authorized to establish a pay-for-performance plan which shall incorporate a point system with a two-step performance evaluation: one-third of the evaluation shall be based on the accomplishment of specified goals and objectives and two-thirds shall be based on "managerial behavior" as measured against standards agreed upon between the employee and City Manager. The pay-for-performance plan shall provide the opportunity for a performance bonus up to 7.5% for *Outstanding* performance. Any payments under this pay-for-performance plan would be made after the employee's performance review (on or about June 30, 2010). **However, due to the current budget crisis, this pay-for-performance plan will not be implemented during Fiscal Year 2009-2010.**

SECTION 4. Exempt Positions. All Management employees included in the provisions of this Resolution shall receive no additional compensation for overtime hours worked. The monthly salary shall be considered full compensation for all hours worked, however, administrative leave may be granted when approved by the City Manager for good and sufficient cause.

Under the Federal Labor Standards Act (FLSA), salaried employees (mid-managers and managers) are classified as exempt employees. However, due to the implementation of furloughs, exempt employees lose their exempt status during a workweek in which the designated furlough hours take place and therefore will be entitled to overtime pay (if over 40 hours) for overtime worked in

that week. Subject to the approval of the City Manager and the following provisions, a Department Head may prescribe reasonable periods of overtime work to meet operational needs of his/her department. Employees shall be compensated for overtime by the payment at the rate of one and one-half (1-1/2) times base salary for all hours over forty (40) worked in a seven (7) day work period and at the rate of two (2) times base salary for Sundays and holidays.

SECTION 5. Separation. Persons appointed or promoted to Management positions after July 1, 2009 serve at the will and pleasure of the City Manager and may be discharged from City employment by the City Manager without proof of cause or other justification and without right of appeal or hearing. Management employees who are appointed or promoted to their positions prior to July 1, 2009 shall be discharged only under the provisions of the Yorba Linda Municipal Code as it existed at the time of their appointment to the position, unless the terms of their employment have been modified pursuant to a Separation Agreement.

The City Manager is authorized to enter into Separation Agreements on behalf of the City with all Management employees establishing terms and conditions of at-will employment. Said Agreement shall provide that as a result of discharge without proof or cause or other justification, a Management employee shall be entitled to the following Separation Compensation which shall be made as a lump sum payment:

- A. Up to three (3) months pay at an amount equal to his or her hourly rate on the date of discharge.
- B. An amount equal to three (3) months worth of health insurance premiums paid for the Management employee to the Public Employees Retirement System (PERS) plus \$270 which is equivalent to three (3) months of dental/vision insurance premiums.

In addition, Management employees must serve one full year prior to being discharged to be eligible for Separation Compensation.

SECTION 6. Retirement. The City of Yorba Linda shall contribute the total amount of the employees' share of the retirement program (PERS) in the name of the employee. The City shall provide a retirement benefit package for the employees which is based on single highest year compensation and includes unused sick leave credit, post-retirement survivor allowance and 1959 Survivors Benefits.

Effective August 7, 2007, the City agrees to pay and report the value of Employer Paid Member Contribution (EPMC) to CalPERS as additional compensation for each employee. This benefit shall consist of paying 7% of the normal contributions for employees, and reporting this 7% as compensation earnable.

SECTION 7. Life Insurance. The City shall provide life insurance on the life of each Management employee and pay the full annual premium therefore. The face amount of said policies shall be equal to the employee's annual salary and increasing it to the nearest one-thousand dollars. Additional life insurance coverage may be purchased if the employee pays for the additional premium.

SECTION 8. Medical/Health Insurance. The City shall provide the PERS Health Plan for medical insurance for the benefit of all members of the City Council and Management employees and their dependents.

- A. The City shall pay toward the annual cost of the health plan in accordance with the following schedule:

1. Regular, competitive service employees and employees' dependents - effective January 1, 2002, the maximum monthly benefit for employees hired prior to July 1, 2001 shall be \$1,167.00.

Employees hired on or after July 1, 2001 shall not be eligible for health insurance described above. The City shall contribute \$833.00 per month toward a "cafeteria plan". The cafeteria plan is utilized first to pay health insurance premiums; any residual amount may be received as cash or applied toward the employee's deferred compensation.

Employees hired prior to July 1, 2001, may exercise a one-time election to join the cafeteria plan set forth above. The election, once made, is irrevocable.

2. Retired, competitive service employees and employees' dependents - effective January 1, 2002, the maximum monthly benefit for retirees hired prior to July 1, 2001 shall be (up to) \$1,167.00 for retirees and their dependents that are eligible to participate in the PERS Health Plan. The City will pay a percentage of the PERS Health Plan Premium on behalf of the retiree and their dependents (the percentage covered by the City shall increase each year in accordance with PERS Health Plan rate formula.)

Retirees hired on or after July 1, 2001 shall not be eligible for health insurance described above. Effective July 1, 2001, the maximum monthly benefit for retirees and their dependents shall be (up to) \$833.00 to participate in the PERS Health Plan. Retirees will no longer receive any residual amount as cash or as deferred compensation. The City will pay a percentage of the PERS Health Care Plan premium on behalf of the retiree and their dependents (the percentage covered by the City shall increase each year in accordance with the PERS Health Plan rate formula.)

- B. The City shall provide for the entire cost of the annual physical examination and all costs associated therewith for Management employees.

SECTION 9. Dental and Vision Insurance/Employee Assistance Program. The City shall provide a self-insured indemnity plan for dental and vision insurance and employee assistance program benefits for the following classes of employees and their dependents. The City shall pay toward the annual cost of the dental, vision, and employee assistance program in accordance with the following schedule:

- A. Regular, competitive service employees and employees' dependents - 100% of the insurance premiums.
- B. Retired competitive service employees and employees' dependents - eligible to participate in the City's self-insured dental and vision plans. The City will pay a percentage of the dental and vision insurance premium on behalf of the retiree and their dependents (the percentage covered by the City shall increase each year in accordance with the PERS Health Plan rate formula).

SECTION 10. Disability Insurance. The City shall provide short-term and long-term disability insurance plans for all Management employees. The City shall pay one hundred percent (100%) of the premium for both plans.

SECTION 11 to SECTION 22 (For the term of this resolution). **No form of leave or floater holidays may be used on designated furlough days/hours.**

SECTION 11. Vacation Leave. All Management employees shall be granted annual vacation leave. The City Manager is authorized to establish a vacation reimbursement program so as to limit the City's annual accrued liability as he or she may deem

appropriate. Annual vacation leave shall accrue on the following basis:

1 - 4 years service 120 hours/year
5+ years service 160 hours/year

Employees may accumulate an amount up to quadruple their annual vacation accrual. Any excess "carryover" must be approved by the City Manager. Once the maximum accrual is reached, there is no more accrual of vacation until one goes below the maximum and has "cap room" to accrue.

Typically, any unused vacation time above one-half of the employee's annual vacation accrual may be subject to buyback. The buyback will be based on the number of unused vacation hours multiplied by the employee's hourly rate. In order to be eligible for the yearly buyback, an employee must utilize a minimum of eighty (80) hours of vacation in the preceding year. **However, due to the current budget crisis, the ability to buyback accrued vacation will be suspended for the fiscal year 2009-2010.**

SECTION 12. Sick Leave. All Management employees shall accrue annual sick leave at a rate of eight (8) hours per calendar month. Management employees shall be paid upon termination, any accumulated unused sick leave at the rate of 25% after five (5) years of service; 50% after ten (10) years of service; and 75% after fifteen (15) years service. Upon separation, unused sick leave shall be paid at a rate of 100% only if the employee places the entire amount, up to IRS annual limits; in his/her 457 or 401A account. Any amount exceeding the annual 457 or 401A plan amounts shall be paid in cash.

Employees are eligible to accumulate a maximum of 2,500 hours of sick leave. Employees hired on or after July 1, 2001 shall not be eligible for the payoff of unused accumulated sick leave upon separation as set forth above.

SECTION 13. Personal Necessity Leave. Employees not participating in an alternative work schedule shall be granted personal necessity leave not to exceed five (5) days per year. Personal necessity leave shall be used for emergency or unforeseen necessities. Personal necessity leave shall be deducted from accumulated sick leave. Employees participating in an alternative work schedule shall not be granted personal necessity leave.

SECTION 14. Industrial Sick Leave. All Management employees are entitled to industrial sick leave. See Personnel Rules and Regulations.

SECTION 15. Subpoenaed Absence. All Management employees are entitled to a subpoenaed leave of absence. See Personnel Rules and Regulations.

SECTION 16. Jury Duty. All Management employees are entitled to serve on jury duty. See Personnel Rules and Regulations.

SECTION 17. Leave of Absence Without Pay. All Management employees are entitled to leave of absence without pay. See Personnel Rules and Regulations.

SECTION 18. Bereavement Leave. All Management employees are entitled to bereavement leave. See Personnel Rules and Regulations.

SECTION 19. Catastrophic Leave. All Management employees may receive catastrophic leave donations from other employees (on a voluntary basis) if the employee has a catastrophic medical condition which will require the employee to be on unpaid leave for at least one month. Provided the employee has exhausted all accrued sick leave; vacation; and compensatory time, a written request for donations shall be submitted to the Department Head. The request must be accomplished by a medical statement from

the employee's attending physician which verifies the employee's need for an extended medical leave and must include a brief statement of the nature of the illness or injury and an estimated time the employee will be unable to work. Employees who receive donations under this procedure and who exhaust all donated sick leave may request an additional donation period subject to the aforesaid provisions.

SECTION 20. Military Leave of Absence. All Management employees are entitled to military leave of absence. An employee who has been in the service of the city continuously for one year or more and is called into the Armed Services of the United States (Army, Navy, Marine Corps or Air Corps) for active reserve duty, shall be allowed a paid leave of absence for a period not to exceed thirty (30) days in any calendar year, provided that the period of active reserve duty does not exceed one hundred eighty (180) calendar days. An employee required to perform active duty with such organizations for a period in excess of that for which compensation may be paid hereunder may be granted a leave of absence without pay. City service shall not be deemed to be interrupted by such absence for the purpose of this resolution. An employee's employment status, with reference to promotion or continuance in office, employment, reappointment to office or re-employment, shall not be prejudiced directly or indirectly by reason of any absence from duty on account of actual service in the military forces of the United States.

SECTION 21. Administrative Leave. All Management employees are entitled to administrative leave up to 80 hours per fiscal year. Administrative leave is subject to approval by the City Manager.

SECTION 22. Holidays. The City shall recognize the following days as paid holidays for all Management employees:

2009

Independence Day	Friday	July 3
Labor Day	Monday	September 7
Veterans Day	Wednesday	November 11
Thanksgiving	Thursday	November 26
Day After Thanksgiving***	Friday/Floater	November 27/Floater
Christmas Eve	Thursday	December 24
Christmas***	Friday/Floater	December 25/Floater
New Year's Eve (2 hours)*	Thursday	December 31

2010

New Years Day	Friday	January 1
Nixon's Birthday****	Saturday/Floater	January 9
Lincoln's Birthday**	Floater	Floater
President's Day	Monday	February 15
Memorial Day	Monday	May 31

* On New Year's Eve, all City facilities will close 2 hours early, no later than 3:30 p.m.

** Lincoln's Birthday has been changed to the employee's birthday, which may be used as a 9 hour floater at any time during the fiscal year.

*** The Day after Thanksgiving and Christmas fall on City Hall closed alternate Fridays. Both of these holidays will become 8 hour floater days for fiscal year 2009/10.

****Nixon's Birthday falls on a Saturday and may be used as a 9 hour floater at any time during the fiscal year.

SECTION 23. Travel, Miscellaneous Meetings and Convention Expenses.

A. Automobile Allowance.

1. The City Manager may authorize automobile allowance to Management employees ranging from zero to three-hundred twenty-five dollars per month as deemed appropriate. Management employees, members of the City Council and appointed officials, not receiving an automobile allowance, may claim automobile reimbursement on approved expense claim forms furnished by the Finance Department for the use of his/her own private automobile, in the course of his/her City employment or on City business. Such use of a private vehicle shall only be when the City vehicle is not available for transportation. Reimbursement at a rate consistent with the Internal Revenue Service standard may be approved for use of private vehicles on City business, within the City or within a radius of sixty miles therefrom. The City Manager may authorize, annually, increases in the automobile allowance in conjunction with the Consumer Price Index effective July 1st of each year.
- B. Commercial Transportation Allowance. All Management employees shall be entitled to the following allowance.
1. Allowance for use of commercial transportation shall be based upon scheduled airline coach rates in regard to all out-of-town travel on City business.
 2. The use of private vehicles by Management employees, members of the City Council, or appointed officials on City business or out-of-town trips, within the State, may be approved by the City Manager when use of commercial transportation is not available, economical or practical. If such persons prefer to use their private vehicle, they may be reimbursed the amount of the costs of commercial transportation only. The flat rate per mile set forth in Subsection A above will not apply in such cases.
 3. When air, rail or public transportation is used, expenses necessary for local transportation, such as taxi cab and bus fare, will be allowed whenever such transportation is necessary for the conduct of City business after approval by the City Manager.
- C. Out-of-City Travel, Meetings and Convention Expenses. If, in the judgment of the City Manager, the estimated expenses of the approved contemplated travel, lodging and other related expenses pertinent to said trip are too high and would create a hardship for the employees to finance initially, the City Manager may authorize an advance payment of the estimated amount to the employee. Upon return of the employee from said trip, he/she shall submit an itemized statement as to his/her actual expenses. Final adjustments shall be made to the favor of the employee or the City, whichever the case may be. The cost of lodging and meals shall be at a reasonable rate and appropriate to the purpose of the trip.
- D. Miscellaneous Expenses. Telephone and telegraph charges incurred while on out-of-city business will be allowed for official calls as approved by the City Manager.
- E. Councilmember Expenses. Members of the City Council may be paid for expenses incurred when on City business requiring overnight accommodations, plus reimbursement for actual traveling expenses including food, hotel, transportation and conference registration upon approval by the City Council prior to the expense occurring.

SECTION 24. Miscellaneous Provisions.


- A. Avoidance of Inequities. The City Manager may, after consulting with and receiving the approval of the City Council, authorize special adjustments to avoid or eliminate inequities resulting from the strict application of any provisions of this Resolution.

B. Administrative Regulations. The City Manager is authorized to issue written administrative personnel regulations designed to augment or clarify the provisions of this Resolution.

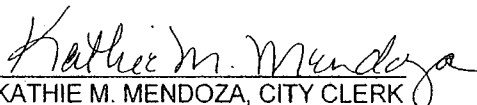
SECTION 25. Effective Date. Except as otherwise specified to the contrary in this Resolution, all provisions shall be effective as of July 1, 2009 pursuant to Minute Order action of the City Council on September 1, 2009.

SECTION 26. Resolution No. 2008-3949 is hereby rescinded in its entirety.

PASSED, APPROVED AND ADOPTED at a regular meeting of the City Council of the City of Yorba Linda on this 1st day of September, 2009.


MARK SCHWING, MAYOR
CITY OF YORBA LINDA

ATTEST:


KATHIE M. MENDOZA, CITY CLERK
CITY OF YORBA LINDA

APPROVED AS TO FORM
BEST BEST & KRIEGER LLP


CITY ATTORNEY

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ^{ss.}

I, KATHIE M. MENDOZA, City Clerk of the City of Yorba Linda, California, DO **HEREBY CERTIFY** that the foregoing Resolution was adopted at a regular meeting of the City Council of the City of Yorba Linda held on the 1st day of September, 2009, and was carried by the following roll call vote:

AYES: COUNCILMEMBERS: ANDERSON, HORTON, RIKEL, SCHWING, WINDER
NOES: COUNCILMEMBERS: NONE
ABSENT: COUNCILMEMBERS: NONE

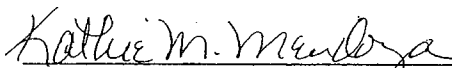

KATHIE M. MENDOZA, CITY CLERK
CITY OF YORBA LINDA

EXHIBIT "B"

GOALS AND OBJECTIVES

[TO BE ATTACHED AT A LATER DATE]