



## **CONTRACT OF EMPLOYMENT WITH WHITNEY MCDONALD CITY MANAGER**

THIS CONTRACT is entered into as of this 20<sup>th</sup> day of August 2024 by and between the CITY OF SAN LUIS OBISPO, State of California (hereinafter referred to as "CITY"), and WHITNEY MCDONALD, a contract employee (hereinafter referred to as "CITY MANAGER");

### **WITNESSETH:**

WHEREAS, Charter Section 703 provides that the SAN LUIS OBISPO CITY COUNCIL (hereinafter referred to as "COUNCIL") is responsible for the appointment and removal of the CITY MANAGER, and

WHEREAS, the COUNCIL, on behalf of the CITY acknowledges and accepts the responsibility for supervision of the CITY MANAGER; and

WHEREAS, the COUNCIL wishes to appoint a CITY MANAGER and to set the terms and conditions of said employment; and

WHEREAS, WHITNEY MCDONALD desires to accept the position of CITY MANAGER consistent with certain terms and conditions of said employment, as set forth in this CONTRACT.

NOW, THEREFORE, the parties do mutually agree as follows:

### **Section 1. Effective Date.**

- A. The appointment of WHITNEY MCDONALD is effective August 20, 2024.
- B. Nothing in this Contract shall prevent, limit or otherwise interfere with the right of the COUNCIL to terminate the services of CITY MANAGER at any time, subject only to San Luis Obispo CITY Charter Section 709 and the provisions set forth in Section 12 of this Contract.
- C. Nothing in this Contract shall prevent, limit or otherwise interfere with the right of CITY MANAGER to resign at any time from her position with the CITY, subject only to the provision set forth in Section 13 of this Contract.

## **Section 2. Duties and Salary.**

- A. CITY agrees to employ WHITNEY MCDONALD as full-time City Manager of the City to perform the functions and duties specified in the Charter and Municipal Code and to perform such other legally permissible and proper duties and functions as the COUNCIL may from time-to-time assign.
- B. It is recognized CITY MANAGER is an exempt employee, but is expected to engage in those hours of work that are necessary to fulfill the obligations of the City Manager's position. The parties acknowledge CITY MANAGER, in her first year of employment and until further consideration thereafter between CITY MANAGER and the Council, will not regularly participate in a formal 9-80 work schedule as is provided to department heads and certain other City employees as part of the City's Trip Reduction Incentive Program. However, CITY MANAGER is authorized, with appropriate notification to Council, to from time to time modify her regular work schedule in order to take time off with pay, subject to otherwise applicable leave policies and within available leave balances, while ensuring appropriate coverage of her duties as City Manager. Leave pursuant to this provision shall not be used in lieu of vacation or administrative leave, which leave balances shall be utilized where the hours spent performing duties of the City Manager are less than forty (40) hours in a given work week.
- C. COUNCIL agrees to pay CITY MANAGER, for her services rendered pursuant hereto, a starting annual base salary of \$300,040, payable in installments at the same time as the other management employees of the CITY are paid. In addition, COUNCIL agrees to increase said base salary by the cost-of-living adjustment approved by the COUNCIL for all CITY management employees under any successor Management Compensation Resolutions.

## **Section 3. Benefits.**

- A. In addition to the salary set forth in Section 2 of this CONTRACT, and except as otherwise specifically set forth herein, CITY MANAGER shall be entitled to the same benefits as those offered by the CITY to the CITY MANAGER, in accordance with the Resolution 11316 (2022 Series), Resolution 8661 (1997 series) and any successors.
- B. CITY MANAGER hereby agrees that her monthly car allowance will be \$300 per month.

- C. CITY will contribute 3.0% of salary to CITY MANAGER'S 401 (a) supplemental retirement plan.

**Section 4. Performance Evaluation.**

- A. Upon appointment, CITY MANAGER will assume the goals established by Council for the Interim City Manager until such time as CITY MANAGER and Council mutually agree on new goals. Within THREE MONTHS FROM START DATE, Council will provide feedback to CITY MANAGER on performance goals and expectations. An annual formal Council evaluation will be conducted in May of 2025 in accordance with the City's Appointed Official Evaluation Process. Consistent with the schedule outlined above, based on the Appointed Officials Evaluation Process, and subject to performance as assessed by the COUNCIL, the CITY MANAGER compensation shall be reviewed by COUNCIL no later than June of 2025.
- B. Each calendar year thereafter, COUNCIL shall review and evaluate the performance and compensation of CITY MANAGER in accordance with the adopted Appointed Officials Evaluation Process, best management practices, and informed by comparison agency data.

**Section 5. Outside Activities, Conduct and Behavior.**

- A. CITY MANAGER shall not engage in teaching, consulting or other non-CITY connected business without the prior approval of COUNCIL.
- B. CITY MANAGER shall comply with all local and state requirements regarding conflicts-of-interest.

**Section 6. Dues and Subscriptions.**

COUNCIL agrees to budget for and to pay for professional dues and subscriptions of CITY MANAGER necessary for her continuation and full participation in national, regional, state, and local associations, including, for example, the Rotary Club, and organizations necessary and desirable for her continued professional participation, growth, and advancement, and for the good of the CITY.

**Section 7. Professional Development.**

- A. COUNCIL hereby agrees to budget for and to pay for travel and subsistence expenses of CITY MANAGER for professional and official travel, meetings, and occasions adequate to continue the

professional development of CITY MANAGER and to adequately pursue necessary official functions for the CITY, including but not limited to the League of California Cities meetings and conferences, International City/County Managers' Association and such other national, regional, state, and local governmental organizations, groups and/or committees.

- B. COUNCIL also agrees to budget for and to pay for travel and subsistence expenses of CITY MANAGER for short courses, institutes, and seminars that are necessary for her professional development and for the good of the CITY.
- C. Other professional development may be agreed upon from time to time between the COUNCIL and CITY MANAGER.

### **Section 8. General Expenses.**

COUNCIL recognizes that certain expenses of a non-personal and job-affiliated nature are incurred by the CITY MANAGER, and hereby agrees to authorize the Finance Director to reimburse or to pay said general and reasonable expenses, consistent with CITY policies, upon receipt of duly executed expense or petty cash vouchers, receipts, statements or personal affidavits. In the event that there is a question as to the whether an anticipated expense is within the scope of City policy, the City Manager shall consult with and obtain the confirmation of policy consistency from the Finance Director and, if necessary, the City Attorney, prior to incurring any such expense. In the event that the CITY MANAGER incurs any expense without such prior confirmation, the CITY MANAGER agrees that any expenses later determined by the Finance Director and/or City Attorney to be inconsistent with City policy will be reimbursed by the CITY MANAGER to the City within 30 days of receipt of notice of such disallowed expense.

### **Section 9. Indemnification.**

In addition to that required under state and local law, CITY shall defend, save harmless, and indemnify CITY MANAGER against any claims, demands, causes of actions, losses, damages, expenses (including but not limited to attorney's fees as may be authorized against public entities or officers consistent with state law) or liability of any kind whether stated in or arising from tort, professional liability or any other legal action or equitable theory, whether groundless or otherwise, arising out of an alleged act or omission occurring in the performance of WHITNEY MCDONALD'S duties as CITY MANAGER to the fullest extent permitted by law. CITY may compromise and settle any such claim or suit and shall pay the amount of any settlement or judgment rendered thereon. This Section shall survive termination of this Agreement.

**Section 10. Other Terms and Conditions of Employment.**

The COUNCIL, in consultation with CITY MANAGER, shall fix any such other terms and conditions of employment, as it may determine from time to time, relating to the performance of CITY MANAGER, provided such terms and conditions are not inconsistent with or in conflict with the provisions of this CONTRACT, the CITY Charter or any other law.

**Section 11. No Reduction of Pay and/or Benefits.**

COUNCIL shall not at any time during the term of this CONTRACT, reduce the salary, compensation or other financial benefits of CITY MANAGER, except to the degree of such a reduction across-the-board for all employees of the CITY or CITY MANAGER provides written consent to the reduction.

**Section 12. Termination and Severance Pay.**

- A. In the event CITY MANAGER’S employment is terminated by the COUNCIL without cause, or she resigns at the request of a majority of the COUNCIL during such time that she is otherwise willing and able to perform the duties of CITY MANAGER, and if CITY MANAGER signs, delivers to the City Council, and does not revoke, the General Release Agreement in the form attached hereto as Exhibit A, the COUNCIL agrees to pay her a lump sum cash payment equal to six (6) months compensation. Compensation shall include base salary, car allowance, and City contribution to deferred compensation, and City contribution to health insurance at time of separation. In addition to the above, CITY MANAGER shall be eligible for California Joint Powers Authority Chief Executive Separation Payment consistent with the terms of the City’s Memorandum of Coverage.
  
- B. In the event that CITY MANAGER is terminated for “good cause” the COUNCIL shall have no obligation to pay the lump sum severance payment mentioned above. For the purpose of this CONTRACT, “good cause” shall mean any of the following:
  - (1) Malfeasance, dishonesty for personal gain, willful violation of law, corrupt misconduct, or conviction of any felony.
  - (2) Conviction of a misdemeanor arising directly out of CITY MANAGER’S duties pursuant to this Agreement.
  - (3) Willful abandonment of duties outlined in this Agreement.

“Good cause” shall not mean a mere loss of support or confidence by a majority of the COUNCIL.

- C. Any termination of employment shall be done consistent with limitations established in the City Charter Section 709, which shall be interpreted to exclude termination for “good cause” as set forth above. Additionally, the CITY shall provide a minimum of 30 days prior written notice to CITY MANAGER of the intent to terminate this Agreement.
- D. In the event the CITY and the CITY MANAGER agree to a separation from employment, for any reason or no reason, the CITY and the CITY MANAGER agree that no member of the COUNCIL, the City Management staff, nor the CITY MANAGER, shall make any written, oral or electronic statement to any member of the public, the press, or any city employee concerning the CITY MANAGER’S termination except in the form of a joint press release or statement, the content of which is mutually agreeable to the City and the CITY MANAGER. The joint press release or statement shall not contain any text or information that is disparaging to either party. Either party may verbally repeat the substance of the joint press release or statement in response to an inquiry. Nothing herein shall be construed to prevent the City from referring to or responding to inquiries about third party or outside agency investigations or actions pertaining to the official performance of the CITY MANAGER.

**Section 13. Resignation.**

In the event CITY MANAGER voluntarily resigns her position with the CITY, she shall give the COUNCIL at least 45 days advance written notice.

**Section 14. General Provisions.**

- A. The text herein shall constitute the entire CONTRACT between the parties.
- B. This CONTRACT shall be binding upon and inure to the benefit of the heirs at law and executors of the parties.
- C. It is the intent of the COUNCIL that this CONTRACT and the appointment of WHITNEY MCDONALD as CITY MANAGER are in accordance with the requirements and provisions of the Charter. Wherever legally enforceable, the provisions of this CONTRACT shall be construed in a manner consistent with the Charter. If any provision of this CONTRACT conflicts with the Charter, the Charter shall control to the fullest extent legally enforceable.

D. If any provision, or any portion thereof, contained in this CONTRACT is held unconstitutional, invalid or unenforceable, the remainder of this CONTRACT, or portion thereof, shall be deemed severable, shall not be affected, and shall remain in full force and effect.

IN WITNESS WHEREOF, CITY and EMPLOYEE have executed this Contract on the day and year first set forth above.

\_\_\_\_\_  
WHITNEY MCDONALD

\_\_\_\_\_  
DATE

\_\_\_\_\_  
ERICA A. STEWART, MAYOR

\_\_\_\_\_  
DATE

ATTEST:

\_\_\_\_\_  
TERESA PURRINGTON  
CITY CLERK

\_\_\_\_\_  
DATE

APPROVED AS TO FORM:

\_\_\_\_\_  
J. CHRISTINE DIETRICK  
CITY ATTORNEY