

**Exhibit A**

**AMENDED CONTRACT OF EMPLOYMENT WITH  
DEREK J. JOHNSON CITY MANAGER**

THIS CONTRACT is entered into as of this 18th day of April 2023 by and between the CITY OF SAN LUIS OBISPO, State of California (hereinafter referred to as "CITY"), and DEREK J. JOHNSON, a contract employee (hereinafter referred to as "DEREK J. JOHNSON");

Deleted: December 8, 2020

**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, on behalf of the CITY evaluated the CITY MANAGER and determined that adjustments to the employment contract were warranted based on an exceptional evaluation of the full COUNCIL; and

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

**Section 1. Effective Date.**

- A. The appointment of DEREK J. JOHNSON is effective September 29, 2017.
- B. Nothing in this Contract shall prevent, limit, or otherwise interfere with the right of the COUNCIL to terminate the services of DEREK J. JOHNSON 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 DEREK J. JOHNSON to resign at any time from his 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 DEREK J. JOHNSON 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 DEREK J. JOHNSON 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 DEREK J. JOHNSON 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, DEREK J. JOHNSON is authorized, with appropriate notification to Council, to from time to time modify his regular work schedule in order to take time off with pay while ensuring appropriate coverage of his duties as City Manager. Leave pursuant to this provision shall not be used in lieu of vacation or administrative leave.

- C. COUNCIL agrees to pay DEREK J. JOHNSON, for his services rendered pursuant hereto, a starting annual base salary of ~~\$290,290~~ effective the first full pay period in ~~April 2023~~, 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.

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**Section 3. Benefits.**

- A. In addition to the salary set forth in Section 2 of this CONTRACT, DEREK J. JOHNSON shall be entitled to a car allowance of \$450 per month, a City contribution of 5.0% of salary to a 401 (a) supplemental retirement plan, the ability to cash out up to three weeks' vacation once during the calendar year, upon the request of DEREK J. JOHNSON, and 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. ~~Effective the first paycheck in January 2024, the City's contribution towards the 401 (a) supplemental retirement plan shall increase from 5.0% to 7.0% of salary.~~

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Deleted: A one-time cash out of 107 hours of accrued vacation effective the first full pay period of April 2019 in recognition of JOHNSON'S commitment and leadership and limited ability to use vacation during 2018-19.¶

**Section 4. Performance Evaluation.**

- A. Upon appointment to the position of City Manager DEREK J. JOHNSON will assume the goals established by Council for the former City Manager until such time as DEREK J. JOHNSON and Council mutually agree on new goals. On or before January 31, 2018, Council will provide feedback to DEREK J. JOHNSON on performance to goals and expectations. Further, Council shall conduct an "interim" evaluation by March 30, 2018. An annual formal Council evaluation will be conducted in March of 2019 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 April 2019.
- B. Each calendar year thereafter, COUNCIL shall review and evaluate the performance and compensation of DEREK J. JOHNSON 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. DEREK J. JOHNSON shall not engage in teaching, consulting or other non-CITY connected business without the prior approval of COUNCIL.
- B. DEREK J. JOHNSON 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 DEREK J. JOHNSON necessary for his continuation and full participation in national, regional, state, and local associations, and organizations necessary and desirable for his 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 DEREK J. JOHNSON for professional and official travel, meetings, and occasions adequate to continue the professional development of DEREK J. JOHNSON 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 DEREK J. JOHNSON for short courses, institutes, and seminars that are necessary for his 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 DEREK J. JOHNSON.

**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.

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

In addition to that required under state and local law, CITY shall defend, save harmless, and indemnify DEREK J. JOHNSON 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 DEREK J. JOHNSON'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.

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

The COUNCIL, in consultation with DEREK J. JOHNSON, shall fix any such other terms and conditions of employment, as it may determine from time to time, relating to the performance of DEREK J. JOHNSON, 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 DEREK J. JOHNSON, except to the degree of such a reduction across-the-board for all employees of the CITY or DEREK J. JOHNSON provides written consent to the reduction.

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

- A. In the event DEREK J. JOHNSON's employment is terminated by the COUNCIL without cause, or he resigns at the request of a majority of the COUNCIL during such time that he is otherwise willing and able to perform the duties of CITY MANAGER, and if DEREK J. JOHNSON 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 him a lump sum cash payment equal to six (6) months compensation. For the purposes of this clause "compensation" shall include base salary, car allowance, City contribution to deferred compensation, and City contribution to health insurance at time of separation as well as cash out of accrued Administrative Leave and cash out of a portion of accrued sick leave as if CITY MANAGER was retiring as provided in the Management Compensation Resolution 10785 (2017 Series) and any successors.
- B. In the event that DEREK J. JOHNSON 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 DEREK J. JOHNSON'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. Additionally, the CITY shall provide a minimum of 30 days prior written notice to DEREK J. JOHNSON of the intent to terminate this Agreement.
- D. In the event the CITY terminates the CITY MANAGER 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 DEREK J. JOHNSON voluntarily resigns his position with the CITY, he 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 DEREK J. JOHNSON as CITY MANAGER are in accordance with the requirements and provisions of the Charter. Wherever possible, 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.
- 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.

\_\_\_\_\_  
DEREK JOHNSON

\_\_\_\_\_  
DATE

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

\_\_\_\_\_  
DATE

ATTEST:

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

\_\_\_\_\_  
DATE

APPROVED AS TO FORM:

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

\_\_\_\_\_  
DATE

