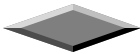

**CITY OF HERMOSA BEACH
MEMORANDUM**

DATE: MAY 17, 2004
TO: CITY COUNCIL
FROM: SAM EDGERTON, COUNCIL MEMBER
MICHAEL KEEGAN, COUNCIL MEMBER
RE: RENEWAL OF CITY MANAGER'S EMPLOYMENT AGREEMENT



RECOMMENDATION: Approve amendment to employment agreement effective January 1, 2003 to December 31, 2004.

BACKGROUND: A committee of the City Council was appointed to review the employment agreement and performance of the City Manager. The attached amendment to the employment agreement reflects the changes agreed to as a result of the negotiations.

EIGHTH AMENDMENT TO CITY MANAGER EMPLOYMENT AGREEMENT

This Eighth Amendment to City Manager Employment Agreement ("Amendment") is entered into as of the 1st day of January, 2003 by and between the City of Hermosa Beach, California, a municipal corporation ("City"), and Stephen R. Burrell ("Manager").

R E C I T A L S

A. Manager is employed by City as its City Manager pursuant to a City Manager Employment Agreement ("Agreement") dated October 26, 1993, as revised on January 1, 1995 and as amended by a First Amendment to City Manager Employment Agreement dated January 1, 1996, a Second Amendment to City Manager Employment Agreement dated January 1, 1997, a Third Amendment to City Manager Employment Agreement dated January 1, 1998, a Fourth Amendment to City Manager Employment Agreement dated January 1, 1999, a Fifth Amendment to City Manager Employment Agreement dated January 1, 2000, a Sixth Amendment to City Manager Employment Agreement dated January 1, 2001, and a Seventh Amendment to City Manager Employment Agreement dated January 1, 2002.

B. The parties have engaged in good faith negotiations relative to modification of the Agreement with the mutual intent to make any such modification retroactive to January 1, 2003.

C. The parties now wish to amend the Agreement to modify certain portions of the Agreement to reflect the results of Manager's performance evaluation.

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

1. Section Two (a) of the Agreement is amended to read as follows:
The period January 1, 2003 through December 31, 2003,
"City agrees to pay Manager for his services rendered pursuant hereto an annual salary of One Hundred Fifty-four Thousand Four Hundred Ninty-five Dollars and No Cents (\$154,495.00), payable in equal installments at the same time as other employees of City are paid."
The period January 1, 2004 through December 31, 2004,
"City agrees to pay Manager for his services rendered pursuant here to an annual salary of One Hundred Fifty-nine Thousand Nine Hundred Two Dollars and No Cents(\$159,902.00), payable in equal installments at the same time as other employees of City are paid.
2. Section Three (a) of the Agreement is amended to read as follows:

"a) This Agreement shall become effective as of January 1, 2003 and shall expire on December 31, 2004 unless extended by mutual agreement of the parties. Seven (7) months prior to the expiration date of this agreement to any succeeding Agreement, Manager shall notify the City Council in writing of the expiration date. In the event City determines not to renew this agreement, it shall provide Manager written notice of nonrenewal not less than six (6) calendar months prior

to December 31, 2004, or any succeeding expiration date. Should City not provide six (6) month's notice of nonrenewal, then this agreement shall be automatically extended for an additional two year term.

Should Manager be terminated from his employment during the term of this Agreement for any reason except as expressly provided below, or should this Agreement not be renewed in accordance with the procedure set forth above, the Manager shall be entitled to severance pay in the amount of six (6) months' salary (computed exclusively from the monthly salary set forth in Section Two, Paragraph (a), excluding the monetary value of all other benefits).

Notwithstanding the foregoing, Manager shall not be entitled to severance pay in that event that Manager is terminated as a result of a conviction of a felony or for a crime involving moral turpitude. For the purpose of resolving any dispute whether the severance payment has been properly denied, City shall have the burden of establishing by a preponderance of the evidence that Manager was convicted of a felony or a crime involving moral turpitude."

In all other respects, the Agreement, as amended, is hereby reaffirmed and in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Eighth Amendment to Employment Agreement to be executed as of the date first written above.

CITY OF HERMOSA BEACH

By: _____
MAYOR

ATTEST:

City Clerk

STEPHEN R. BURRELL

Approved as to Form:

City Attorney