

**EMPLOYMENT AGREEMENT
BETWEEN
CITY OF SUNNYVALE AND KENT STEFFENS**

THIS AGREEMENT is between the City of Sunnyvale, a municipal corporation and chartered city ("City") and Kent Steffens ("Employee" or "Steffens"). It is effective on the latest date next to the signatures on the last page.

The Parties enter into this Agreement based on the following facts:

- A. The City Council wishes to employ Steffens as its City Manager, subject to the terms and conditions set forth in this Agreement, the Sunnyvale Municipal Code and the Charter of the City of Sunnyvale (the "Charter").
- B. Employee desires to be employed by the City as its City Manager, subject to the terms and conditions in this Agreement, the Sunnyvale Municipal Code, the Charter, and all other applicable laws, resolutions, and policies.
- C. The City and Employee wish to establish specific terms and conditions relating to compensation and benefits and other matters related to Employee's appointment as City Manager.

BASED UPON THE FOREGOING, THE CITY AND EMPLOYEE AGREE AS FOLLOWS:

1. Employment. The City appoints Employee as its City Manager for an indefinite term to begin on December 31, 2017. Except as otherwise provided in this Agreement, Employee's employment with the City shall be governed by the City Council-adopted Salary Resolution, as it currently exists and may be changed from time to time. Employee shall also serve as the Executive Director or chief executive officer of other City-related entities (e.g., Successor Agency to the Sunnyvale Redevelopment Agency and Sunnyvale Financing Authority)
2. Duties of the City Manager. Employee will perform the duties established for the City Manager by section 802 of the Sunnyvale City Charter, by the Sunnyvale Municipal Code, by direction given by the City Council, and as otherwise provided by law, ordinance, or regulation. Employee agrees to comply with all federal, state and local laws, ordinances, rules and regulations applicable to or associated with these duties.
 - 2.1. Full Energy and Skill. Employee will devote his full energy, skill, ability, and productive time to the performance of his duties.
 - 2.2. No Conflict. Employee will not engage in any employment, activity, consulting service, or other enterprise, for compensation or otherwise, which is actually or potentially in conflict with or which interferes with the performance of his duties. Employee acknowledges that s/he is subject to the various conflict of interest requirements found in the California Government Code and state and local policies and regulations.

2.3 Permission Required for Outside Activities. Employee will not engage in any employment, activity, consulting service, or other enterprise, for compensation or not, without written permission of the City Council. The parties have agreed that Employee may continue to manage rental property owned by Employee and to sell stock photography.

3. Compensation. While performing the duties of City Manager, Employee shall be compensated as provided in this Section 3.

3.1. Base Salary. Employee will receive an initial base annual salary of three hundred two thousand forty-one dollars (\$302,041.00), beginning with the pay period including December 31, 2017. This amount is subject to authorized or required deductions and withholding, prorated and paid on City's regular paydays. The City Manager position is exempt from overtime under applicable wage and hour law and the base salary shall be compensation for all hours worked. The City agrees that the amount of Employee's base annual salary will not decrease, except as otherwise agreed in writing or as part of a permanent decrease that is consistent with the Fair Labor Standards Act.

3.2. Performance Evaluation. Not less than once every 6 months, the City Council shall meet with Employee for the express purpose of evaluating his performance. One of the biannual evaluations shall be a formal annual performance evaluation.

3.3. Salary Adjustments. Employee shall receive an annual salary increase of three percent (3%), beginning with the pay period including January 1, 2019, until reaching the maximum salary range as approved and that may be amended by the City Council from time to time. Notwithstanding the preceding, the City Council may, by a majority vote, approve modifications to the Employee's annual salary increases.

3.4. Benefits and Allowances. Except as provided in section 3.5, Employee will receive all regular benefits such as health insurance, PERS formula and contributions, and paid leaves as are generally provided to Pay Plan Category F employees under the City Council-approved Salary Resolution, as it currently exists and may be changed from time to time.

3.5. Additional Benefits and Allowances. In addition to the benefits specified in section 3.4, Employee will receive the following additional benefits and allowances beginning with the pay period including December 31, 2017:

3.5.1. Paid Time Off. Employee will accrue PTO at the rate of 11.5 hours per pay period (299 hours per year). Maximum accrual and cash out eligibility shall be consistent with the Salary Resolution, as may be amended from time to time.

3.5.2. Management Administrative Leave. Employee will receive seventy (70) hours of Administrative leave each calendar year, prorated on start and termination of employment.

3.5.3. Additional Life Insurance. In addition to the standard life insurance provided to Pay Plan Category F employees, City will purchase additional term life insurance coverage sufficient to equal the City Manager's annual salary.

3.5.4. Additional Retirement Contributions. The City will contribute annually to Employee's Section 401(a) defined contribution plan the amount established by the Internal Revenue Service for the annual elective deferral limit for 401(k) plan employee contributions (e.g., \$18,500 in 2018).

3.5.5. Professional Development Expenses. The City will reimburse Employee for reasonable job-related equipment, training, conferences, and meeting expenses incurred in carrying out his duties as City Manager, subject to approval of the Mayor and the requirements of applicable City policies for travel and reimbursement standards.

3.5.6. Vehicle Allowance. Employee will receive a monthly vehicle allowance in the amount of five hundred dollars (\$500.00).

3.3.7. Mortgage Assistance. As a Department Director for City, Employee utilized City's Director Loan program for purchase of a home. That loan agreement shall continue unchanged.

4. Additional Expenses of Employment. The City shall pay the cost of the following additional expenses of employment:

6.1. The cost of any fidelity or other bonds required by law for the City Manager.

6.2. The cost to defend and indemnify Manager for acts, events or omissions occurring in the performance of Employee's professional duties as City Manager consistent with the provisions of state law, including the California Tort Claims Act (Government Code section 810 et seq.).

5. Duration of Employment. Employee understands and agrees that he has no constitutionally protected property or other interest in his employment as City Manager. Employee understands and agrees that he works at the will and pleasure of the City Council and that he may be terminated or asked to resign the position of City Manager at any time, with or without cause. Employee waives all rights, if any, under the City's rules and regulations, including without limitation, the right to pre-or post-disciplinary due process.

5.1. Resignation. Employee may voluntarily resign his position as City Manager or retire from public service at any time with a minimum of two months (60 days) notice to the City Council, unless the parties mutually agree to a different notice period. No severance will be paid to Employee if Employee voluntarily resigns or retires without official, affirmative request or action of the City Council.

5.2. Involuntary termination and Severance. If Employee is terminated by the City Council while he is still able to perform the duties of the City Manager, he shall receive a single lump-sum cash payment (without interest) on the effective day of termination

5.2.1. Nonpayment of Severance. Notwithstanding anything contrary in this agreement, if Employee is terminated as the City Manager as the result of conviction or a plea of nolo contendere to a crime, or for serious misconduct involving abuse of his office or position, including but not limited to waste, fraud, violation of the law under color of authority, misappropriation of public resources, violence, harassment or discrimination, s/he shall not be entitled to any severance pay. Further, if Employee receives any cash settlement from the City related to termination of this agreement or Employee's employment with City, Employee shall fully reimburse the City the amount of that settlement if he is convicted of a crime involving an abuse of the office of City Manager as set forth in Government Code section 53243.3 within thirty (30) days after the conviction becomes final and is no longer subject to any appeal.

6.1. Notices. Notices given under this Agreement shall be in writing and shall be either: (a) served personally; or (b) sent by facsimile (provided a hard copy is mailed within one (1) business day); or (c) delivered by first-class United States mail, certified, with postage prepaid and a return receipt requested; or (d) sent by Federal Express, or some equivalent private mail delivery service. Notices shall be deemed received at the earlier of actual receipt or three (3) days following deposit in the United States mail, postage prepaid. Notices shall be directed to the addresses shown below, provided that a party may change such party's address for notice by giving written notice to the other party in accordance with this subsection.

EMPLOYEE: Kent Steffens
456 West Olive Ave, Sunnyvale, CA 94086

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6.3. Applicable Law and Venue. This Agreement shall be interpreted according to the laws of the State of California. Venue of any action regarding this Agreement shall be in the proper court in Santa Clara County.

6.4. Severability. If any portion of this Agreement is declared void, such portion shall be severed from this Agreement and the remaining provisions shall remain in effect, unless the result of such severance would be to substantially alter this Agreement or the obligations of the parties, in which case this Agreement shall be immediately terminated.

6.5. Waiver. Any failure of a party to insist upon strict compliance with any term, undertaking, or condition of this Agreement shall not be deemed to be a waiver of such term, undertaking, or condition. To be effective, a waiver must be in writing, signed and dated by the parties.

6.6. Representation by Counsel. Employee and the City acknowledge that they each did, or had the opportunity to, consult with legal counsel of their respective choices with respect to the matters that are the subject of this Agreement prior to executing it.

6.7. Section Headings. The headings on each of the sections and subsections of this Agreement are for the convenience of the parties only and do not limit or expand the contents of any such section or subsection.

EMPLOYEE

CITY OF SUNNYVALE

Kent Steffens

Date: _____

Mayor

Date: _____

APPROVED AS TO FORM:

City Attorney