

**AMENDED CONTRACT OF EMPLOYMENT WITH KATIE E. LICHTIG  
CITY MANAGER**

THIS CONTRACT is amended as of this 6th day of December, 2011 by and between the CITY OF SAN LUIS OBISPO, State of California (hereinafter referred to as "CITY"), and KATIE E. LICHTIG, a contract employee (hereinafter referred to as " KATIE LICHTIG");

**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 is desirous of appointing a CITY MANAGER and wishes to set the terms and conditions of said employment; and

WHEREAS, KATIE LICHTIG 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 KATIE LICHTIG is effective January 19, 2010.
- B. Nothing in this Contract shall prevent, limit or otherwise interfere with the right of the COUNCIL to terminate the services of KATIE LICHTIG at any time, subject only to San Luis Obispo CITY Charter Section 709 and the provisions set forth in Section 13 of this Contract.
- C. Nothing in this Contract shall prevent, limit or otherwise interfere with the right of KATIE LICHTIG to resign at any time from her position with the CITY, subject only to the provision set forth in Section 14 of this Contract.

**Section 2. Duties and Salary.**

- A. CITY agrees to employ KATIE LICHTIG 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 KATIE LICHTIG 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 KATIE LICHTIG 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, KATIE LICHTIG 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 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.

C. COUNCIL agrees to pay KATIE LICHTIG, for her services rendered pursuant hereto, a starting annual base salary of \$221,500 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 the Management Compensation Resolution (Resolution No. 10036 (2008 Series) and any successors.

D. Notwithstanding Section 2(C), KATIE LICHTIG agrees that she will not receive any across the board salary increases (e.g. "cost of living" increases) from January 1, 2012 through December 31, 2013 pursuant to the Reduction in Management Compensation Resolution (Resolution No. 10315 (2011 Series))

### **Section 3. Benefits.**

A. In addition to the salary set forth in Section 2 of this CONTRACT, KATIE LICHTIG shall be entitled to the same benefits as those offered by the CITY to the CITY MANAGER, in accordance with the Reduction in Management Compensation Resolution, Resolution No.10315 ( 2011 Series), , Resolution 8661 (1997 series) and successors. Notwithstanding the above, KATIE LICHTIG shall be entitled to the following leave benefits: An initial balance of 40 hours of sick leave and 40 hours of vacation leave; and a vacation leave accrual rate of 160 hours per year in light of her past public sector service.

B. KATIE LICHTIG hereby agrees that her monthly car allowance as provided in Resolution 9440 (2003 Series) will be eliminated pursuant to the Reduction in Management Compensation Resolution (Resolution No. 10315 (2011 Series))

### **Section 4. Performance Evaluation.**

A. By April 30, 2010, COUNCIL and KATIE LICHTIG shall establish mutually agreeable written goals, performance objectives, and priorities for the

performance period ending March 30, 2011. Further, Council shall conduct an "interim" evaluation by October 29, 2010. An annual formal Council evaluation will be conducted in March of 2011 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 in April 2011 consistent with the Management Pay-for-Performance System in place at that time.

B. Each calendar year thereafter, COUNCIL shall review and evaluate the performance and compensation of KATIE LICHTIG in accordance with the adopted Appointed Officials Evaluation Process, adopted Management Pay-for-Performance System, or any successor systems.

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

A. KATIE LICHTIG shall not engage in teaching, consulting or other non-CITY connected business without the prior approval of COUNCIL.

B. KATIE LICHTIG 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 KATIE LICHTIG necessary for her continuation and full participation in national, regional, state, and local associations, 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 KATIE LICHTIG for professional and official travel, meetings, and occasions adequate to continue the professional development of KATIE LICHTIG and to adequately pursue necessary official functions for the CITY, including but not limited to the League of California Cities Annual Conference, 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 KATIE LICHTIG 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 KATIE LICHTIG.

**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. Relocation Assistance.**

A. The CITY shall pay or reimburse KATIE LICHTIG all reasonable relocation expenses incurred in moving her residence and family from Los Angeles County to the City of San Luis Obispo. These expenses shall be limited to the cost of packing, moving, and temporary storage of household furnishings and up to two house-hunting trips.

B. The CITY shall reimburse KATIE LICHTIG a monthly temporary housing rental expense not to exceed \$2,500 per month to assist her while relocating her personal residence to a new principal residence in San Luis Obispo. This allowance shall be made available only through July 31, 2010.

C. The CITY shall make available a loan to KATIE LICHTIG, to assist with the purchase of a principal residence within the corporate limits of the City of San Luis Obispo CITY and KATIE LICHTIG shall execute such notes, deeds of trust, escrow instructions, agreements and other documents as the City Attorney may determine are reasonably necessary to effectuate this second mortgage assistance in a form mutually determined by the City Attorney and KATIE LICHTIG and executed by the Mayor on behalf of CITY. The maximum amount of such a loan shall not exceed \$125,000. The interest rate shall be variable, adjusted annually, and tied to the City's Local Agency Investment Fund rate. The term of the loan shall be for ten years. Payments shall be amortized over 30 years. The loan shall be structured to allow for interest-only payments with a balloon payment at the end of ten years. Rollover of existing equity in another residence shall not be required.

**Section 10. Indemnification.**

In addition to that required under state and local law, CITY shall defend, save harmless, and indemnify KATIE LICHTIG 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 KATIE LICHTIG'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 11. Other Terms and Conditions of Employment.**

The COUNCIL, in consultation with KATIE LICHTIG, shall fix any such other terms and conditions of employment, as it may determine from time to time, relating to the performance of KATIE LICHTIG, 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 12. 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 KATIE LICHTIG, except to the degree of such a reduction across-the-board for all employees of the CITY or KATIE LICHTIG provides written consent to the reduction. Notwithstanding the above, KATIE LICHTIG expressly agrees to the reduction of compensation, salary, and financial benefits as set forth in the Reduction in Management Compensation Resolution (Resolution No. 10315 (2011 Series))

**Section 13. Termination and Severance Pay.**

A. In the event KATIE LICHTIG'S employment is terminated by the COUNCIL, 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, the COUNCIL agrees to pay her a lump sum cash payment equal to nine (9) months compensation (salary and all appointed officials fringe benefits). Additionally, CITY shall extend to KATIE LICHTIG the right to continue and purchase at her expense health insurance pursuant to the terms and condition of the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA) or any successor legal requirement. KATIE LICHTIG is the City Manager for the purposes of the benefits under the California Joint Powers Insurance Authority of which the CITY is a member. Any associated severance benefit as a result of termination shall be in accordance with the terms and conditions of the California Joint Powers Insurance Authority's Memorandum of Liability Coverage in effect at the time of termination.

B. In the event that KATIE LICHTIG 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 KATIE LICHTIG'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 KATIE LICHTIG of the intent to terminate this Agreement.

**Section 14. Resignation.**

In the event KATIE LICHTIG voluntarily resigns her position with the CITY, she shall give the COUNCIL at least two (2) months advance written notice.

**Section 15. 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.

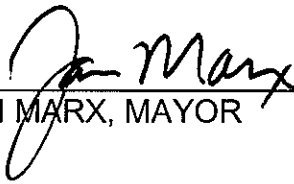
C. It is the intent of the COUNCIL that this CONTRACT and the appointment of KATIE LICHTIG as CITY MANAGER are in accordance with the requirements and provisions of the Charter. Wherever possible, the provisions of this CONTRACT shall be construed in a manner consistent with the Charter. If any provision 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.


  
KATIE E. LICHTIG

12/27/2011  
DATE

  
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JAN MARX, MAYOR

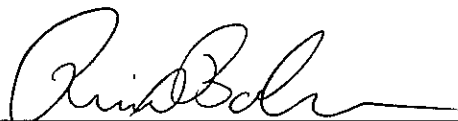
12/21/11  
DATE

ATTEST:

  
\_\_\_\_\_  
ELAINA CANO  
CITY CLERK

1/3/12  
DATE

APPROVED AS TO FORM:

  
\_\_\_\_\_  
RICHARD C. BOLANOS  
PARTNER, LIEBERT CASSIDY WHITMORE