

SEVENTH AMENDMENT TO EMPLOYMENT AGREEMENT

This Seventh Amendment to Employment Agreement is entered this 5th day of July, 2005, by and between the City of Redlands, a municipal corporation (hereinafter "City") and Daniel J. McHugh (hereinafter "Employee").

RECITALS

Whereas, City and Employee have entered into an Employment Agreement dated April 19, 1994, wherein City expressed its desire to employ the services of Employee as provided for by California Government Code Section 36505; and

Whereas, City and Employee on March 7, 1995, April 28, 1997, August 5, 1997, December 7, 1999 and December 19, 2000 and December 21, 2004 amended certain provisions of the Employment Agreement; and

Whereas, it is now the desire of the City Council of City and Employee to amend the salary provision of the Employment Agreement of Employee to meet 2005-2006 fiscal year budgetary goals;

Now, therefore, in consideration of the mutual covenants contained herein, the City of Redlands and Daniel J. McHugh agree as follows:

1. Section 2 of the Employment Agreement relating to salary is hereby amended to read as follows:

"City shall pay Employee for his services rendered pursuant hereto an annual base salary in accordance with the following schedule, payable in installments at the same time as other employees of City are paid, i.e., the first full pay period following the effective date:

"Effective July 1, 2005, Employee's annual salary shall be in the amount equal to five (5) percent less than the amount of the City's City Manager's salary as of July 1, 2004.

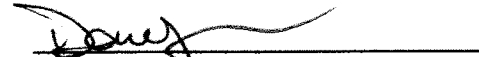
Thereafter, effective July 1, 2006, and every July 1 for each year through and including July 1, 2009, the Employee's annual salary shall be increased by the following percentages: "July 1, 2006 - 3%, July 1, 2007 - 2%, July 1, 2008 - 2%, July 1, 2009 - 5%."

In witness hereof the parties have executed this Agreement on the 5th day of July, 2005.

CITY OF REDLANDS


Susan Pepler

EMPLOYEE


Daniel J. McHugh

ATTEST:


Lorrie Poyzer, City Clerk

1381 East Citrus Avenue and authorized the Mayor to execute, and the City Clerk to attest to, the document on behalf of the City.

Agreement - University of Redlands Work-Study Program - On motion of Councilmember Gilbreath, seconded by Councilmember George, the City Council unanimously approved an agreement with the University of Redlands to participate in the 2005-06 Work-Study Program and authorized the Mayor to execute, and the City Clerk to attest to, the document on behalf of the City.

Agreement - Redlands Police Officers Association - On motion of Councilmember Gilbreath, seconded by Councilmember George, the City Council unanimously approved the tentative agreement with the Redlands Police Officers Association and authorized the Mayor to execute, and the City Clerk to attest to, the document on behalf of the City.

Employment Agreement - City Attorney - On motion of Councilmember Gilbreath, seconded by Councilmember George, the City Council unanimously approved the seventh amendment to the employment agreement with City attorney Daniel J. McHugh and authorized the Mayor to execute, and the City Clerk to attest to, the document on behalf of the City.

Employment Agreement - City Manager - On motion of Councilmember Gilbreath, seconded by Councilmember George, the City Council unanimously approved the fourth amendment to the employment agreement with City Manager John Davidson and authorized the Mayor to execute, and the City Clerk to attest to, the document on behalf of the City.

PUBLIC HEARINGS

Resolution No. 6370 - Landscape Maintenance Assessment District No. 1 - Public hearing was advertised for this time and place to consider Resolution No. 6370, a resolution of the City Council of the City of Redlands confirming a diagram and assessment for the 2005-06 fiscal year in connection with Landscaping Maintenance District No. 1 pursuant to the Landscaping and Lighting Act of 1972, Part 2 of Division 15 of the California Streets and Highways Code for Landscape Maintenance Assessment District No. 1. Public Works Director Mutter reported the preliminary report for the Landscape Maintenance Assessment District No. 1 was presented to the City Council on June 7, 2005. The City Council adopted Resolution No. 6368 granting preliminary approval to the Engineer's Report and adopted Resolution No. 6369 on June 7, 2005, declaring its intention to levy and collect assessment for fiscal year 2005-06 pursuant to the Lighting and Landscaping Act of 1972. There will be no increase in assessments over the 2005-06 fiscal year. The final step in the process is to conduct a public hearing and receive testimony from the public on