

EMPLOYMENT AGREEMENT
FOR POSITION OF INTERIM
CITY MANAGER

This employment agreement for the position of Interim City Manager ("Agreement") is made and entered into this 23rd day of October, 2006 (the "Effective Date") by and between the City of Redlands, a municipal corporation and general law city (the "City") and Sam Racadio, an individual ("Mr. Racadio"). The City and Mr. Racadio are sometimes individually referred to herein as a "Party" and, together, as the "Parties."

RECITALS

A. The City desires to employ the services of Mr. Racadio as the City's Interim City Manager, as provided for by the Redlands Municipal Code, in consideration of and subject to the terms and conditions of this Agreement.

B. Mr. Racadio desires to accept employment as Interim City Manager in consideration of and subject to the terms and conditions of this Agreement.

AGREEMENT

In consideration of the mutual promises contained herein, the City and Mr. Racadio agree as follows:

1. Position and Duties.

1.1 Position. Mr. Racadio accepts employment with the City as its Interim City Manager and shall perform all functions, duties and services set forth in Section 1.4 of this Agreement. Mr. Racadio shall provide service at the direction and under the supervision of the Redlands City Council. It is the intent of the Parties that Mr. Racadio shall keep the Redlands City Council fully apprised of all significant ongoing operations of the City. Toward that end, Mr. Racadio shall report directly to the Redlands City Council and shall periodically, or as may be specifically requested by the Redlands City Council, provide status reports to the Redlands City Council on his activities and those of the City.

1.2 Period of Employment. Mr. Racadio shall serve as Interim City Manager for a period not to exceed nine hundred sixty (960) compensated hours, commencing on the Effective Date of this Agreement. Mr. Racadio shall commence the performance of his duties as Interim City Manager on October 23, 2006.

1.3 At-Will. Mr. Racadio acknowledges that he is an at-will employee of the City who shall serve at the pleasure of the Redlands City Council at all times during the period of his employment. The terms of the City's personnel rules, memorandums of understanding and collective bargaining agreements shall not apply to Mr. Racadio, and nothing in this Agreement is intended to, or does, confer upon Mr. Racadio any right to any property interest in continued employment, or any due process right to a hearing before or after a decision by the Redlands City Council to terminate his

employment. Nothing contained in this Agreement shall in any way prevent, limit or otherwise interfere with the right of the City to terminate the services of Mr. Racadio as provided for herein.

1.4 Duties. Mr. Racadio shall serve as the Interim City Manager and shall be vested with the powers, duties and responsibilities set forth in Section 2.04 of the Redlands Municipal Code, as may be amended from time to time. Without additional compensation, Mr. Racadio shall provide such other services as are customary and appropriate to the position of Interim City Manager, including serving as the Executive Director of the Redlands Redevelopment Agency, together with such additional services assigned from time to time by the Redlands City Council as may be consistent with California law and the Redlands Municipal Code. Mr. Racadio shall devote his best efforts and full-time attention to the performance of these duties.

1.5 Hours of Work. Mr. Racadio shall devote the time necessary to adequately perform his duties as Interim City Manager. Mr. Racadio shall be allowed reasonable flexibility in setting his own office hours, provided the schedule of such hours provides adequate availability to the Redlands City Council, City staff and members of the community during normal business hours and for the performance of his duties. The position of Interim City Manager shall be deemed an exempt position under California wage and hour law, and Mr. Racadio shall not be entitled to any compensation for overtime.

1.6 Professional Activity. The City agrees to budget and pay for Mr. Racadio's attendance at the League of California Cities' Legislative Update conference held in November, 2006 and the City Managers' conference held in February, 2007.

1.7 Other Activity. In accordance with Government Code Section 1126, during the period of his employment, Mr. Racadio shall not accept, without the express prior written consent of the Redlands City Council, any other employment or engage, directly or indirectly, in any other business, commercial or professional activity whether or not to pecuniary advantage, that is or may be competitive with the City, that might cause a conflict-of-interest with the City, or that otherwise might interfere with the business or operation of the City or the satisfactory performance of Mr. Racadio's duties as Interim City Manager.

1.8 Reimbursement. City shall reimburse Mr. Racadio for reasonable and necessary business expenses incurred by Mr. Racadio in the performance of his duties, subject to, and in accordance with, California law and the City's adopted Employee Reimbursement Policy.

2. Compensation.

2.1 Base Salary. Mr. Racadio shall receive a salary of Sixteen Thousand Dollars (\$16,000) per month paid according to the payroll schedule in place for City employees and paid bi-weekly. Such amount shall be pro-rated on a days-worked basis for any partial month during which Mr. Racadio provides services under this Agreement.

2.2 The City shall pay Mr. Racadio's Social Security and Medicare obligations under the Federal Insurance Contribution Act.

2.3 Mileage Reimbursement. The City shall reimburse Mr. Racadio for use of his vehicle in connection with travel necessary for, and relating to, Mr. Racadio's performance of Interim City Manager services at the rate authorized by the Internal Revenue Service.

3. Termination.

This Agreement may be terminated by either Party, with or without cause, by providing five (5) business days' prior written notice to the other Party.

4. Proprietary Information.

"Proprietary Information" is all information and any idea pertaining in any manner to the business of the City (or any City affiliate), its employees, clients and consultants which was produced by any employee of the City in the course of his or her employment or otherwise produced or acquired by or on behalf of the City. Proprietary Information shall include, without limitation, trade secrets, product ideas, inventions, processes, formulae, data, know-how, software and other computer programs, copyrightable material, marketing plans, strategies, sales, financial reports, forecasts and customer lists. All Proprietary Information not generally known outside of the City's organization, and all Proprietary Information so known only through improper means, shall be deemed "Confidential Information." During his employment by the City, Mr. Racadio shall use Proprietary Information, and shall disclose Confidential Information, only for the benefit of the City and as is or may be necessary to perform his job responsibilities under this Agreement. Following termination, Mr. Racadio shall not use any Proprietary Information and shall not disclose any Confidential Information, except with the express written consent of the City. Mr. Racadio's obligations under this Section shall survive the termination of his employment and the expiration of this Agreement.

5. Conflict Of Interest.

Mr. Racadio represents and warrants to the City that he presently has no interest, and represents that he will not acquire any interest, direct or indirect, financial or otherwise, which would conflict in any manner or interfere in any way with performance of his services under this Agreement.

6. General Provisions.

6.1 Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be effective upon delivery by hand or three (3) business days after deposit in the United States mail, postage prepaid, certified or registered, and addressed to the addresses below. Mr. Racadio agrees to notify the City in writing of any change in his address during his employment with the City. Notice of change of address shall be effective only when accomplished in accordance with this Section.

City:

City of Redlands
c/o Mayor and City Attorney
P.O. Box 3005
Redlands, California 92373

Mr. Racadio:

Sam Racadio
29297 Jasmine Place
Highland, California 92346

6.2 Integration. This Agreement is intended to be the final, complete, and exclusive statement of the terms of Mr. Racadio's employment by the City. This Agreement supersedes all other prior and contemporaneous agreements and statements, whether written or oral, express or implied, pertaining in any manner to the employment of Mr. Racadio, and it may not be contradicted by evidence of any prior or contemporaneous statements or agreements.

6.3 Amendments. This Agreement shall not be amended except by written document executed by the Parties.

6.4 Waiver. Failure to exercise any right under this Agreement shall not constitute a waiver of such right.

6.5 Assignment. Mr. Racadio shall not assign any rights or obligations under this Agreement; and any such assignment or attempted assignment shall be null and void and, at the sole determination of the City, result in the immediate termination of this Agreement.

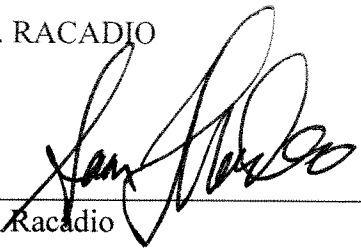
6.6 Attorneys' Fees. In the event any action or proceeding is commenced to enforce or interpret the terms of this Agreement, the prevailing party in such action or proceeding shall be entitled to recover its reasonable attorneys' fees and costs, including fees for the City's use of in-house counsel.

6.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

6.8 Interpretation. This Agreement shall be construed as a whole, according to its fair meaning, and not in favor of or against any Party. Captions are used for reference purposes only and should be ignored in the interpretation of the Agreement.

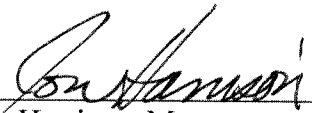
IN WITNESS WHEREOF, the City has caused this Agreement to be signed and executed on its behalf by its Mayor and duly attested to by its City Clerk, and Mr. Racadio has signed and executed this Agreement, as of the date first indicated above.

MR. RACADIO



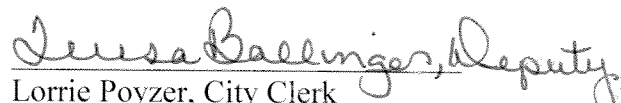
Sam Racadio

CITY OF REDLANDS



Jon Harrison, Mayor

ATTEST



Lorrie Poyzer, City Clerk