

**CITY OF COSTA MESA THIRD AMENDMENT TO AGREEMENT  
FOR THE OFFICE OF CITY MANAGER**

THIS THIRD AMENDMENT TO AGREEMENT FOR THE OFFICE OF CITY MANAGER ("Second Amendment"), made and entered into this 8<sup>th</sup> day of December, 2021 by and between the CITY OF COSTA MESA, State of California, a Municipal corporation, hereinafter referred to as "the City" and Lori Ann Farrell Harrison, hereinafter referred to as "Employee."

**RECITALS:**

WHEREAS, the City retained the services of Employee as City Manager of the City of Costa Mesa by written agreement dated May 7, 2019 ("the Agreement"); and

WHEREAS, given the extraordinary circumstances facing the City going into the 2020/21 Fiscal Year due to the COVID-19 Global Pandemic and prolonged state of emergency, along with closures of many businesses and associated losses of revenue, the City and Employee entered into a First Amendment to the Agreement to take a temporary pay reduction which was approved by City Council on June 26, 2020.

WHEREAS, pursuant to the CARES Act and the American Rescue Plan, the City is expected to receive an estimated amount in excess of \$28 million, and the City and Employee entered into a Second Amendment to the Agreement which was approved by City Council on May 5, 2021 to end the five percent (5%) furlough and to provide a one-time reimbursement to Employee for the value of the pay reductions implemented since July 1, 2020.

WHEREAS, the City Council conducted a formal performance evaluation of Employee in November 2021.

WHEREAS, in conjunction with the performance evaluation of Employee, the City Council's designated negotiators negotiated with Employee as an unrepresented employee of the City with respect to her pay and benefits during a regularly noticed closed session at a regular meeting on November 16, 2021.

WHEREFORE, in consideration of the respective mutual covenants and promises hereinafter contained and made subject to all of the terms and conditions hereof, the parties hereto do hereby agree as follows:

Section 4 of the Agreement shall be revised effective December 19, 2021 to read as follows:

**4. COMPENSATION**

- (a) Employee shall receive, as salary for her performance of the duties of City Manager, the sum of \$300,000.00 per year, subject to future adjustments which may be approved by the Mayor and City Council following

performance evaluations of Employee as provided for in section 2(d) above. City Council shall be mindful of preventing any unintentional salary compaction or regression.

- (b) Provided that Employee has satisfactory performance evaluations, Employee shall receive three percent (3%) annual step increases effective the payroll period that includes January 1, 2023, January 1, 2024 and January 1, 2025.

Section 5 of the Agreement shall be revised effective December 19, 2021 to revise subsection (b) as follows:

- (b) In lieu of mileage reimbursement, City agrees to provide Employee with an automobile allowance in the amount of Five Hundred Seventy Five Dollars (\$575.00) per month for business. Such allowance shall be paid together with customary monthly payroll practices. Employee may choose to receive a City owned vehicle for her use as an alternative to receiving an automobile allowance.

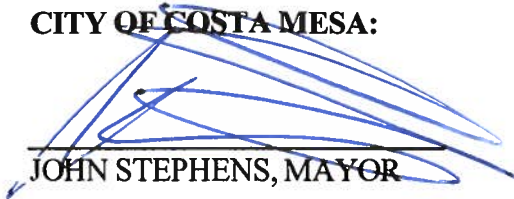
Section 5 of the Agreement shall be revised effective December 19, 2021 to add subsection (g) as follows:

- (g) Employer shall contribute to Employee's 457 account the maximum annual contribution permitted, including applicable catch-up contributions.

Except as expressly modified herein, the remaining terms of the Agreement, as amended June 26, 2020 and May 5, 2021, remain in full force and effect.

**IN WITNESS WHEREOF**, the parties hereto have executed this Second Amendment, the date and year first above written.

**CITY OF COSTA MESA:**

  
\_\_\_\_\_  
JOHN STEPHENS, MAYOR

**EMPLOYEE:**

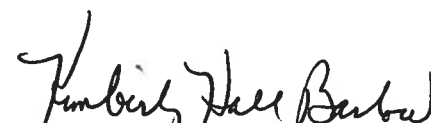
  
\_\_\_\_\_  
LORI ANN FARELL HARRISON

**ATTEST:**

CITY CLERK, CITY OF COSTA MESA  
A Municipal Corporation of the State of California

  
\_\_\_\_\_  
BRENDA GREEN  
CITY CLERK, CITY OF COSTA MESA

**APPROVED AS TO FORM:**

  
\_\_\_\_\_  
KIMBERLY HALL BARLOW  
CITY ATTORNEY

