

**EMPLOYMENT AGREEMENT  
FOR  
CITY MANAGER SERVICES  
BETWEEN  
THE CITY OF HERMOSA BEACH  
AND  
STEVEN NAPOLITANO**

This Employment Agreement (“Agreement”) is made and entered as of December 10, 2025 (“Effective Date”), by and between the City of Hermosa Beach (a municipal corporation organized and operating under the laws of the State of California with its principal place of business at 1315 Valley Drive, Hermosa Beach, California 90254) (“City”) and Steven Napolitano (an individual with a home residence on file) (“Employee”). City and Employee are sometimes individually referred to as “Party” and collectively as “Parties”.

**RECITALS**

- A. City seeks to engage Employee to serve in the position of City Manager in accordance with the terms set forth in this Agreement; and
- B. Employee desires to accept employment as City Manager in consideration of and subject to the terms, conditions, and benefits set forth in this Agreement; and
- C. Employee has the necessary education, experience, skills, and expertise to serve as the City’s City Manager; and
- D. The Parties desire to execute this Agreement pursuant to the authority of and subject to the provisions of Government Code Section 53260 *et seq.*

**NOW, THEREFORE**, the Parties agree as follows:

**AGREEMENT**

- 1. Incorporation of Recitals. The recitals listed above are true and correct, and they are hereby incorporated herein by this reference.
- 2. Designation of City Manager. Employee is appointed City Manager under the terms of this Agreement pursuant to Resolution No. 25-XXXX.
- 3. Position and Duties. Employee is hereby appointed by the City Council (“Council”) as City Manager to perform the duties and functions pertaining to the City Manager position, and to perform other legally permissible duties and such functions as the Council shall from time to time assign. The Council shall have the authority to determine the specific duties and functions which Employee shall perform under this Agreement, and the means and manner by which Employee shall perform those duties and functions. Employee agrees to devote all of his business time, skill, attention, and best efforts to the discharge of the duties and functions assigned to him by the Council.

a. The Parties mutually desire that the Employee be subject to and comply with the International City Management Association Code of Ethics.

b. Employee shall administer and enforce policies established by the Council, and promulgate rules and regulations as necessary to implement Council policies.

c. Employee shall attend all meetings of the Council, unless excused. The Mayor shall have the authority on behalf of the Council to excuse Employee from meetings. Employee shall also take part in the discussion of all matters before the Council during meetings he attends, and Employee shall receive notice of all regular and special meetings of the Council.

d. Employee shall review all agenda documents before preparing the agenda for any regular or special meetings of the Council consistent with the Municipal Code, state law, and the Council Manual of Procedures.

e. Employee shall direct the work of department heads (and all subordinate officers and employees) of City, except City Attorney and City Treasurer.

f. Employee will focus his professional time, ability, and attention to City business during the term of this Agreement. Employee shall not engage in any other business duties or pursuits whatsoever or (directly or indirectly) render any services of a business, commercial, or professional nature to any other person or organization (whether for compensation or otherwise) without the prior consent of Council, except that:

(1) The expenditure of reasonable amounts of time not in conflict with City's needs and interests (for educational, charitable, community, and professional activities) shall not be deemed a breach of this Agreement and shall not require prior consent.

(2) This Agreement shall not be interpreted to prohibit Employee from making passive personal investments or conducting private business affairs if those activities do not materially interfere with the services required under this Agreement.

g. All data, studies, reports, and other documents prepared by Employee while performing his duties during the term of this Agreement shall be furnished to and become the property of City, without restriction or limitation on their use.

h. All ideas, memoranda, specifications, plans, procedures, drawings, descriptions, computer program data, input record data, written information, and other materials either created by or provided to Employee in connection with the performance of this Agreement shall be held confidential by Employee. Such materials shall not, without the prior written consent of the Council, be used by Employee for any purposes other than the performance of his duties. Nor shall such materials be disclosed to any person or entity not connected with the performance of services under this Agreement, except as required by law.

4. Term. This Agreement shall commence on the Effective Date and shall continue for a term of three (3) years.

5. Compensation. City agrees to pay Employee an annual base salary in the amount of two hundred and seventy thousand dollars (\$270,000) ("Annual Base Salary"), payable in installment payments in the same manner and at the same times as salaries of other executive managers of City are paid.

a. Consumer Price Index for All Urban Consumers ("CPI-U"). The Annual Base Salary may be increased by the percentage change to the CPI-U for the Los Angeles area for the preceding twelve (12) months, subject to a three percent (3%) maximum ("CPI Increase"). The CPI Increase shall be at the sole discretion of the Council upon a determination Employee has performed in an above-satisfactory manner as determined during the performance evaluation process.

b. Additional Adjustments. The term "Annual Base Salary" as used in this Agreement shall also include any such adjustments approved by the Council, other than payments not eligible to be added to Employee's Annual Base Salary pursuant to the terms of any applicable salary resolution of City. Any salary adjustment shall be memorialized by an amendment to this Agreement.

6. Benefits. With the exception of such benefits as outlined specifically in this section, Employee is entitled to those benefits provided to City's other executive-level employees beginning on the first full pay period after the Effective Date of this Agreement and continuing each year thereafter unless stated otherwise (which shall accrue in equal amounts per pay period) as set forth in City's memorandum with the Management Employee Group for the period July 1, 2025, to June 30, 2028 ("MOU").

a. Vacation. Although Employee is entitled to accrue one hundred fourteen (114) hours of vacation each year pursuant to Article 20 of the MOU, the Parties agree that Employee will be provided with a bank of one hundred fourteen (114) hours of vacation and may use all one hundred fourteen (114) vacation hours immediately upon the Effective Date of this Agreement; and that he will not accrue any additional vacation hours during his first year of employment.

b. Professional Development. City agrees (subject to City's budget constraints and advance approval of Council) to budget and pay for professional dues and subscriptions for Employee necessary for Employee's continuation and participation in national, regional, state and local boards, task-forces, conferences and meetings, associations, and organizations desirable for Employee's continued participation, professional growth, and advancement (and for the benefit of City).

c. Memberships. City agrees to pay Employee's membership dues in the International City/County Manager's Association, California City Manager's Association, California League of Cities, and similar organizations to which City is a member at City expense with prior Council approval. Employee shall have a reasonable right to attend meetings of such organizations. City agrees to pay for such other

professional membership dues and subscriptions as are approved in advance by the Council in the annual budget.

d. General Business Expenses. City agrees to budget for travel and subsistence expenses of Employee for professional and official travel, board and task-force meetings, conferences, and occasions to adequately continue the professional development of Employee and to pursue necessary official functions for City. City agrees to either pay such expenses in advance or to reimburse the expenses in accordance with City's normal expenditure reimbursement procedures.

e. Other Expenses. City recognizes Employee may incur expenses of a non-personal, job-related nature that are reasonably necessary to Employee's service to City. City agrees to either pay such expenses in advance or to reimburse the expenses, so long as the expenses are incurred and submitted in accordance with City's normal expenditure reimbursement procedures. To be eligible for reimbursement, all expenses must be supported by documentation meeting City's normal requirements and must be submitted within time limits established by City.

f. Retirement Plans

(1) California Public Employees Retirement System ("CalPERS"). City contracts with CalPERS to provide retirement benefits to eligible employees, including Employee. City has enrolled Employee in CalPERS consistent with its obligations, and CalPERS has determined the membership classification and retirement formula applicable to Employee. Employee shall pay the normal member contributions required by CalPERS on the same terms as other City employees participating in the same formula. City agrees to pay the employer contributions required by CalPERS, except to the extent that miscellaneous employees participating in the same retirement formula as Employee have agreed to pay a portion of City contribution to CalPERS. In such case, Employee shall have the same cost-sharing obligation.

g. Bonding. City shall bear the full cost of any fidelity or other bonds required of Employee in the performance of his duties as City Manager.

7. General Obligations of City

a. City shall provide Employee with staff, office equipment, supplies, and all other facilities and services reasonably determined by the Council to be necessary for the performance of Employee's duties and within City's budget constraints as outlined within this Agreement.

b. The Council recognizes that to meet the challenges facing City they must exercise decisive policy leadership. As one step in carrying out this leadership responsibility, the Council commits within City's budget constraints to spend time each year outside of regular Council meetings to work with Employee and staff on setting goals and priorities for City government, and to work on issues that may be inhibiting the maximal achievement of City goals.

c. The Council agrees that any criticism of a City staff member shall be done privately through Employee.

8. Hours of Work. Employee's position is full-time. Employee shall devote the time necessary to adequately perform his duties as Employee. The Parties anticipate Employee will work a sufficient number of hours per week allocated between regular business hours and hours outside of regular business hours (including without limitation attendance at regular and special Council meetings, community events, and other City functions as appropriate or directed). The position of Employee shall be deemed an exempt position under California wage and hour law. In addition, Employee shall not engage in any business, educational, professional, charitable, or other activities that would conflict or materially interfere with performance of Employee duties (except as may be specifically authorized by the Council).

9. Performance Evaluation. Annual performance evaluations are an important way for the Council and Employee to ensure effective communications regarding expectations and performance. Accordingly, the Council shall review and evaluate the performance of Employee during the first year of employment from October 5 to November 5, 2026; and thereafter on an annual basis or more frequently if the Council so desires at its discretion.

a. Evaluation Criteria. The evaluation shall be in accordance with specific criteria developed jointly by the Parties. Such criteria may be added to or deleted as the Council may from time to time determine in consultation with Employee. Employee shall initiate the evaluation in November each year under Council procedures, or as otherwise directed by the Council.

b. Performance Objectives and Priorities. The Parties shall make best efforts to develop the first set of goals, performance objectives, and priorities by which to measure Employee's performance within forty-five (45) days of the Effective Date of this Agreement. The Parties shall define such goals and performance objectives as they mutually determine are necessary for the proper operation of City for the attainment of the Council's policy objectives, and the Parties shall further establish a relative priority among those goals and performance objectives. Such goals, objectives, and priorities are subject to adjustment by the Parties at any time.

10. Indemnification. City shall defend and indemnify Employee against all losses sustained by Employee in direct consequences of the discharge of City Manager duties within the scope of his employment for the period of Employee's employment to the full extent of the law as provided by the California Torts Claims Act (Government Code Section 810 *et seq.*).

11. Termination

a. At-Will Status. Employee shall serve at the will and pleasure of the Council. Nothing in this Agreement shall prevent, limit, or otherwise interfere with the right of the Council to suspend from duty, remove from office, or otherwise terminate the services of Employee at any time (at the sole discretion of the Council).

b. Automatic Termination. Employee's employment shall automatically terminate, and Employee shall not be entitled to any severance payment, upon the happening of any of the following events:

(1) Mutual Agreement. Mutual agreement in writing by both Parties to terminate this Agreement.

(2) Resignation. Employee may voluntarily resign his position as Employee after giving City at least sixty (60) days written notice prior to the effective date of such resignation, unless such notice is waived in whole or part by the Council.

(3) Retirement. Employee may up to provide six (6) months' advance notice of retirement from full-time public service with City pursuant to applicable CalPERS laws, rules, and regulations. Employee's actual retirement date will be mutually established.

(4) Disability. In the event Employee is permanently disabled or otherwise unable to perform their essential job functions, even with reasonable accommodations after an interactive process.

(5) Death. If Employee dies, Employee's estate shall receive accrued salary and benefits; but shall not be entitled to any additional compensation or payment (including severance pay).

c. Termination With or Without Cause. Employee's employment may be terminated without prior notice at any time, with or without cause, by the Council by motion carried by a simple majority of its members.

(1) Without Cause (Severance). The Council may terminate Employee at any time, regardless of his ability to perform his duties, upon payment of a severance equal to the lesser of: (a) payment equal to six (6) months of Employee's then applicable base salary; or (2) payment equal to the applicable Base Salary for the unexpired Term of this Agreement ("Severance Payment").

(a) Continuation of Health Coverage ("COBRA"). City shall provide Employee reimbursement for the costs of Employee's COBRA health insurance premiums for three (3) months following Employee's termination or until Employee finds other employment, whichever occurs first ("COBRA Reimbursement"). The COBRA Reimbursement amount shall not exceed the amount paid for Employee's health insurance premiums at the time of his termination.

(b) Waiver Release. The Severance Payment and COBRA Reimbursement are contingent upon Employee executing a release and waiver of any and all of Employee's claims against City (its Council Members, officers, and employees), and a covenant not to sue any of those parties in a form acceptable to City. If Employee fails or refuses to provide City with a release of liability, the Council may release Employee without cause without Severance Payment or COBRA Reimbursement.

(c) California Government Code Section 53260 (“Section 53260”). The Parties intend this provision to comply with Section 53260, which limits severance benefits to an amount equal to Employee’s monthly salary multiplied by the number of months remaining on the unexpired term of the Agreement. The Parties also intend this term to comply with the provisions of Section 53261 that limits health benefits, which may be continued for a maximum number of months remaining on the unexpired term of the Agreement or until Employee finds other employment (whichever occurs first).

(2) With Cause. In the event Employee is terminated for cause, he shall not be entitled to any severance pay or benefits. “Cause” shall include the following reasons: (a) conviction of a crime, whether misdemeanor or felony. For purposes of this section, a plea of nolo contendere shall also be considered a conviction; (b) failure to follow a directive of the Council after written notice of said failure to Employee approved by a simple majority of Council members; (c) failure to perform duties and responsibilities pursuant to the terms of this Agreement, the relevant City ordinances, municipal code, and other standards of professional conduct after written notice approved by a simple majority of the Council; (d) continued abuse of non-prescription drugs or alcohol that materially affects the performance of Employee’s duties after written notice approved by a simple majority of the Council; or (e) repeated and protracted unexcused absences from Employee’s office and duties after written notice approved by a simple majority of the Council.

(a) With Cause Procedure. In order to terminate for cause, the Council must deliver to Employee a written statement of charges and its intent to terminate for cause. Following delivery, Employee shall then have ten (10) calendar days to challenge the termination by setting forth his request to challenge in writing. Within such ten (10) day period, Employee may also demand a hearing upon the specifications. Failure to submit a written response or demand a hearing within the ten (10) calendar day period constitutes a waiver of the right. If a hearing is demanded, the hearing will be conducted in closed session unless a public hearing is requested by Employee. Employee may produce evidence and argument to the Council. If a written response is submitted but no hearing is demanded, the Council shall review its decision based upon the response. The Council’s decision following review of the written response and/or presentation at hearing shall be final and without right of appeal. Employee has no reinstatement rights.

(b) Suspension. The Council may suspend Employee with full pay and benefits at any time, or without pay for a period of up to three (3) weeks, at any time during the term of this Agreement; but only where a simple majority of the Council votes to suspend Employee.

(c) Assembly Bill 1344 Compliance. Employee shall fully reimburse City for any and all amounts paid by City in the event that Employee is convicted of a crime involving the abuse of his office or position pursuant to California Government Code Sections 53243-53243.4.

d. Leave Balances. On separation from City employment, Employee shall be paid for all eligible unused accrued leave balances (including balances as to vacation, floating holidays, and other outstanding accrued leave balances if any; including any other accrued leave balances that either must be paid upon separation under applicable law or under the applicable terms of this Agreement). In the alternative, Employee may apply some or all of such leave time to service credit for retirement purposes if permitted by CalPERS under applicable laws, rules, and regulations. Accumulated leave balances shall be paid at Employee's hourly salary rate at the effective date of separation. In the event Employee dies while employed by City under this Agreement, Employee's beneficiaries or those entitled to City Manager's estate shall be entitled to Employee's earned salary and any in-lieu payments for accrued benefits (including compensation for the value of all accrued leave balances that either must be paid upon separation under applicable law or under the applicable terms of this Agreement).

e. Statutory Requirements. This Agreement shall be deemed to incorporate by reference the provisions of California Government Code Sections 53243 *et seq.*, as those provisions may be amended or renumbered.

12. Notices. Any notice required or permitted to be given hereunder may be given by personal delivery or by United States certified mail postage prepaid, addressed to Parties at the addresses set forth in the first paragraph of this Agreement.

13. Venue. This Agreement shall be governed by and construed in accordance with the law of the State of California. Venue shall be in Los Angeles County.

14. Acknowledgment. Employee acknowledges he has had an opportunity to consult legal counsel in regard to this Agreement; has read and understands this Agreement; is fully aware of its legal effect; and has entered into it freely and voluntarily, and based on his own judgment and not on any representations or promises other than those contained in this Agreement.

15. Non-Waiver. The delay or failure of either Party at any time to require performance or compliance by the other Party of any of its obligations or agreements shall in no way be deemed a waiver of those rights to require such performance or compliance. No waiver of any provision of this Agreement shall be effective unless in writing and signed by a duly authorized representative of the Party against whom enforcement of a waiver is sought. The waiver of any right or remedy with respect to any occurrence or event shall not be deemed a waiver of any right or remedy with respect to any other occurrence or event, nor shall any waiver constitute a continuing waiver.

16. Severability. If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal, or unenforceable for any reason, such determination shall not affect the validity or enforceability of the remaining terms and provisions hereof or of the offending provision in any other circumstance; and the remaining provisions of this Agreement shall remain in full force and effect.

17. Time of Essence. Time is of the essence for each and every provision of this Agreement.

18. Headings. Paragraphs and subparagraph headings contained in this Agreement are included solely for convenience and are not intended to modify, explain, or to be a full or accurate description of the content thereof; and shall not in any way affect the meaning or interpretation of this Agreement.

19. Amendments. Only a writing executed by all of the Parties hereto or their respective successors and assigns may amend this Agreement.

20. Authority. The persons executing this Agreement on behalf of the Parties hereto warrant that they are duly authorized to execute this Agreement on behalf of said Parties; and that by doing so, the Parties hereto are formally bound to the provisions of this Agreement.

21. Entire Agreement. This Agreement (including the Exhibits) represents the entire understanding of the Parties as to those matters contained herein; and supersedes and cancels any prior or contemporaneous oral or written understanding, promises, or representations with respect to those matters covered hereunder. Each Party acknowledges that no representations, inducements, promises, or agreements have been made by any person which are not incorporated herein, and that any other agreements shall be void. This is an integrated Agreement.

22. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original. All counterparts shall be construed together and shall constitute one single Agreement.

23. Electronic Signature. Each Party acknowledges and agrees that this Agreement may be executed by electronic or digital signature, which shall be considered as an original signature for all purposes and shall have the same force and effect as an original signature.

**[SIGNATURES ON FOLLOWING PAGE]**

**SIGNATURE PAGE TO EMPLOYMENT AGREEMENT  
FOR  
EMPLOYEE SERVICES  
BETWEEN  
CITY OF HERMOSA BEACH  
AND  
STEVEN NAPOLITANO**

**IN WITNESS WHEREOF**, the Parties have executed this Agreement as of the Effective Date.

**CITY OF HERMOSA BEACH**

**EMPLOYEE**

**APPROVED BY:**

\_\_\_\_\_  
Rob Saemann  
Mayor

\_\_\_\_\_  
Steven Napolitano

**ATTESTED BY:**

\_\_\_\_\_  
Myra Maravilla  
City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Best Best & Krieger LLP  
Interim City Attorney