

EMPLOYMENT COMPENSATION AGREEMENT

THIS AGREEMENT is made and entered into this ___th day of May, 2017, by and between the CITY OF TACOMA, state of Washington, a municipal corporation, hereinafter called "Employer," and Elizabeth A. Pauli-Bastian, hereinafter called "Employee."

WITNESSETH:

WHEREAS Employee was appointed as City Manager of the City of Tacoma effective May 16, 2017, and

WHEREAS Employer desires to employ the services of Employee as City Manager, and Employee desires employment as City Manager of the City of Tacoma pursuant to the terms of this agreement and as provided by the Tacoma City Charter and Tacoma Municipal Code, and

WHEREAS it is the desire of the Tacoma City Council, hereinafter called "Council," to provide certain benefits, establish certain conditions of employment, and to set working conditions of said Employee, and

WHEREAS the parties acknowledge that Employee is appointed and shall serve at the pleasure of the Council and that nothing herein is intended to modify Employee's at-will status, and

WHEREAS Employee desires to accept employment as City Manager of said City of Tacoma, Washington, under the terms provided herein, and

WHEREAS it is the desire that the Employee, as City Manager, shall be responsible to the Council for the administration of all units of government under its jurisdiction and the Council shall comply with City Charter provisions Sections 3.2, 3.3, and 3.4, and

WHEREAS the Employer shall have at least five council persons authorize and approve execution of this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

1. Duties. Employer hereby agrees to employ Employee as City Manager of said Employer, to perform the functions and duties specified by law, the Tacoma City Charter, and Tacoma Municipal Code ("TMC"), and to perform other legally permissible and proper duties and functions as Employer shall assign, from time to time.

2. Termination of Agreement/Severance Pay.

A. Employee agrees to remain in the exclusive employ of Employer from May 16, 2017 through May 15, 2019, and neither to accept other employment nor to

become employed by any other employer until said termination date, unless said termination date is affected as hereinafter provided.

B. Nothing in this agreement shall prevent, limit, or otherwise interfere with the right of the Council to terminate the services of Employee at its will.

C. This agreement may be extended, in two-year increments, following an affirmative vote of the Council to reconfirm the appointment, consistent with Section 3.1 of the Tacoma City Charter.

D. This agreement may be terminated by Employee by giving written notice to the Council at least 30 days prior to the effective date of Employee's termination.

E. Should Employee be terminated involuntarily, asked to resign, or otherwise end employment at the request of the Council, or should the Council not approve a successor Employment Agreement or otherwise continue employment beyond May 15, 2019, Employee will be provided with twelve (12) months' severance pay at her then-current rate of pay and payment of one lump sum of monies equivalent to the cost of paying twelve (12) months' worth of employee COBRA insurance premiums.

Should Employee's termination be the result of gross negligence, intentional acts which are not in the best interests of the City or which interfere with Employee's ability to perform her duties, or conviction of a gross misdemeanor or felony offense, then no severance pay will be granted.

3. Compensation and Benefits.

A. Effective May 16, 2017, Employer agrees to pay Employee an annual base salary of \$237,348.80 (Step 4B or the equivalent of \$114.11 per hour). Direct deposits shall be made on a biweekly basis, 26 times per year, on the City's regular payroll schedule.

In conjunction with Employee's annual performance review, Council agrees to review Employee's salary in relation to issues of compression with salaries of executive management staff.

B. Employer will provide Employee with a parking space without charge to Employee.

C. Employer agrees to pay Employee's annual deferred compensation in biweekly installment amounts equal to the maximum annual amount permitted pursuant to Section 457 of the Internal Revenue Code at the time of execution of this Agreement, said amount consisting of the maximum standard contribution. Said deferred compensation shall be paid to the ICMA Retirement Corporation or any other retirement fund or funds designated by Employee. Employer agrees the Employee's interest is 100 percent vested when biweekly deposits are made to the plan.

D. Employer agrees to match Employee's contribution into an account created for Employee under the City's defined contribution supplemental benefit plan created pursuant to Internal Revenue Code Section 401(a) and TMC 1.12.116B in an amount of up to three percent (3%) of Employee's salary. Under all circumstances Employee shall be responsible for paying any and all federal or state taxes related to the transactions associated with this section.

E. Employee shall receive the standard benefit package for employees of the City of Tacoma.

F. Employee's participation in the Tacoma Employee's Retirement System shall be under the same terms as other employees of the City of Tacoma.

4. Personal Time Off/Administrative Leave.

It is recognized that Employee must devote a significant amount of time outside of normal working hours to the business of the City. To that end, effective May 16, 2017, Employee's leave bank shall be credited with 10 days of administrative leave to be used for personal time off ("PTO"), and on May 16, 2018, Employee's leave bank will be credited with 20 days of administrative leave to be used as PTO. Employee will accrue paid time off and shall be paid for same upon termination of this agreement, subject to the limits of TMC 1.12.248.

5. Performance Evaluation.

A. The Council will review Employee's performance annually during January of each year, and every two years shall vote on whether to reconfirm her appointment with the affirmative vote of at least five members of the Council necessary to effect such reconfirmation, consistent with the requirements of Section 3.1 of the Tacoma City Charter. Employee shall be eligible for merit consideration annually, with compensation increases tied to performance outcomes.

B. Employee's review and evaluation shall be in accordance with specific criteria developed jointly by Employee and the Council. Said criteria may be added to or deleted from as the Council may, from time to time, determine in consultation with Employee. Further, the Council shall provide Employee with a written summary statement of the findings of the Council, and Employee will be provided with an adequate opportunity to discuss said evaluation with the Council.

C. Annually, Employee and the Council will define such goals and performance objectives as determined necessary for the proper operation of the City of Tacoma and in the attainment of the Council's policy objectives, and shall further establish a relative priority among those various goals and objectives, said goals and objectives to be in writing. The objectives shall generally be attainable within the time limitations as specified in the biennial operating and capital budgets and appropriations provided.

6. Business Expenses and Equipment. The City shall provide City-owned equipment reasonably necessary to enable Employee to perform her duties as City

Manager, including a laptop for Employee's use in her home and a hand-held communication device. At termination of employment, the above-mentioned equipment will be returned to the City.

7. ICMA Code of Ethics/Outside Activities. Employee shall not engage in any activity, consulting service or enterprise, for compensation or otherwise, which is actually or potentially in conflict with or inimical to, or which materially interferes with her duties and responsibilities to Employer. Employee will adhere to the International City Management Association (ICMA) Code of Ethics.

8. Dues and Subscriptions. Employer agrees to budget for and to pay professional dues (including membership in the Washington State Bar Association) and subscriptions of Employee 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 Employer.

9. Professional Development.

A. Employer hereby agrees to budget for and to pay travel and subsistence expenses of Employee for professional and official travel, meetings, and occasions adequate to continue the professional development of Employee and to adequately pursue necessary official functions for Employer, including such national, regional, state, local governmental groups, and professional boards and committees thereof which Employee serves as a member, provided such expenses are consistent with the Employer's policy and procedures for payment of employee expenses or any successor policies.

B. Employer also agrees to budget for and to pay continuing legal education expenses necessary to maintain a current license to practice law in the state of Washington, and to budget and pay for travel and subsistence expenses of Employee for short courses, institutes, and seminars that are necessary for her professional development and for the good of the Employer, provided such expenses are consistent with the Employer's policy and procedures for payment of employee expenses or any successor policies.

10. General Expenses. Employer recognizes that certain expenses of a non-personal and generally job-affiliated nature are incurred by Employee, and hereby agrees to reimburse or to pay said general expenses consistent with the Employer's policy and procedures for payment of employee expenses or successor policies, and, upon approval by the Mayor, the Finance Director is hereby authorized to disburse such monies, upon receipt of duly executed expense or petty cash vouchers, receipts, statements or personal affidavits. The Council reserves the right to review and approve such expenditures prior to disbursement of funds.

11. Indemnification. Employer shall defend, save harmless, and indemnify Employee as set forth in TMC 1.12.920 or successor sections.

12. Bonding. Employer shall bear the full cost of any fidelity or other bonds required of the Employee under any law, the Tacoma City Charter, or Tacoma Municipal Code.

13. Other Terms and Conditions of Employment.

A. The Council, in consultation with the City Manager, shall fix any such other terms and conditions of employment as it may determine, from time to time, relating to the performance of Employee, provided such terms and conditions are not inconsistent with or in conflict with the provisions of this agreement, the Tacoma City Charter, Tacoma Municipal Code, or any other law.

B. Employee must reside within City limits, and Employee agrees to continue to maintain residency during the term of this agreement.

14. No Reduction of Benefits. Employer shall not, at any time during the term of this agreement, reduce the salary, compensation, or other financial benefits of Employee, except to the degree of such a reduction across-the-board for all exempt, unrepresented employees of the Employer. Employee shall be allowed to accumulate and accrue all paid time off days and shall be paid for same upon termination of this agreement subject to the limits set forth in TMC 1.12.248.C.

15. Notices. Notices pursuant to this agreement shall be given, by deposit in the custody of the United States Postal Service, postage prepaid, addressed as follows:

EMPLOYER: Mayor and Council
City of Tacoma
747 Market Street, Room 1200
Tacoma, WA 98402
(253) 591-5100

EMPLOYEE: Elizabeth A. Pauli-Bastian
City of Tacoma
747 Market Street, Room 1200
Tacoma, WA 98402
(253) 591-5134

Alternatively, notices required pursuant to this agreement may be personally served in the same manner as is applicable to civil judicial practice. Notice shall be deemed given as of the date of personal service or as of the date of postmark of such written notice in the course of transmission in the United States Postal Service.

16 General Provisions.

A. The text herein shall constitute the entire agreement between the parties.

B. This agreement may be modified only in writing and by the consent of the Council and Employee.

C. This agreement shall be binding upon and inure to the benefit of the heirs at law and executors of Employee.

D. This agreement shall become effective commencing May 16, 2017.

E. If any provision, or any portion thereof, contained in this agreement is held unconstitutional, invalid, or unenforceable, the remainder of this agreement, or portion thereof, shall be deemed severable, shall not be affected, and shall remain in full force and effect.

F. Nothing contained herein is intended to modify or supersede any provisions contained in the Tacoma City Charter or Tacoma Municipal Code, and any conflict between the provisions contained herein and the Tacoma City Charter or Tacoma Municipal Code shall be governed by the provisions set forth in the Tacoma City Charter or Tacoma Municipal Code as they appear on the date hereof.

17. Opportunity to Confer with Independent Counsel. In signing below, Employee expressly represents and affirms that the City Attorney was not acting as Employee's counsel in drafting this agreement and that Employee consulted with independent counsel in reviewing and deciding to execute this agreement.

IN WITNESS WHEREOF, the City of Tacoma, Pierce County, Washington, has caused this agreement to be signed and executed on its behalf by its Mayor and Council, and fully attested by its City Clerk, and the Employee has signed and executed this agreement in duplicate, the day and year first written above.

CITY OF TACOMA

EMPLOYEE

Marilyn Strickland, Mayor

Elizabeth A. Pauli-Bastian, City Manager

Attest:

Doris Sorum, City Clerk

Approved as to form:

William C. Fosbre, City Attorney

Andrew Cherullo, Finance Director