



TO: Elizabeth Pauli, City Manager
FROM: Deputy Mayor Anders Ibsen and Rebecca Boydston, Council Assistant
COPY: City Council and City Clerk
SUBJECT: Proposal to Amend TMC 1.12.110 (H) pertaining to severance authority – March 20, 2018
DATE: 03/12/2018

SUMMARY:

Ordinance to amend Tacoma Municipal Code (TMC) 1.12.110 (H), eliminating the authority of the City Manager and Director of Utilities to grant severance benefits associated with an employment agreement in the event of termination without cause as a means of attracting and retaining public employees; requiring the City Council to approve any proposed agreement that would grant severance benefits to the Director of Utilities; and, requiring that all employment agreements authorizing severance benefits shall include at a minimum language that prohibits payment of such benefits when the event of termination is 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, acceptance of another position while still employed with the City, or conviction of a gross misdemeanor or felony offense.

COUNCIL SPONSORS:

Deputy Mayor Anders Ibsen

STRATEGIC POLICY PRIORITY

- Encourage and promote an efficient and effective government, which is fiscally sustainable and guided by engaged residents.

This ordinance would ensure taxes and ratepayer revenues are used responsibly, and not for severance benefits for terminated employees.

BACKGROUND:

In 2007, the City Council pursuant to Ord. 27636 (amending TMC 1.12.100H) authorized, among other forms of compensation and benefits, that the City Manager, Public Utility Board, and Director of Utilities shall each have discretion “to authorize the payment of severance benefits associated with an employment agreement in the event of termination without cause, in order to secure or retain key qualified personnel possessing specialized technical or professional skills for unrepresented positions up to the limits of their delegated contracting authority [maximum of \$200,000] in the case of the City Manager and Director of Utilities, and up to an amount corresponding to one year of salary in the case of the...Public Utility Board.” This benefit tool has been rarely used.

In 2014, the voters amended the Tacoma City Charter section 4.18, which now requires the Public Utility Board to appoint and then reappoint the position of Director of Public Utilities, subject to City Council confirmation, every two years.



ISSUE:

The Public Utility Board used this benefit tool once and the Director of Utilities three times. Providing severance benefits to non-executives is unnecessary to attract and retain qualified public employees, and is arguably an inappropriate use of City taxes or ratepayer revenues. In addition, the severance ordinance has not been updated to reflect the City Council's new role related to confirming the appointment of the Director of Utilities. The current ordinance also does not provide policy guidance on what circumstances resulting in termination of employment will result in the loss of severance benefits.

ALTERNATIVES:

To not adopt this ordinance.

RECOMMENDATION:

Amend TMC 1.12.110H by eliminating the authority of the City Manager and Director of Utilities to grant severance benefits associated with an employment agreement as a means of attracting and retaining public employees; and, require the City Council to approve any proposed agreement that would grant severance benefits to the Director of Utilities. In addition, add to the ordinance that all agreements authorizing severance benefits shall include at a minimum language that prohibits payment of such benefits when the event of termination is 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, acceptance of another position while still employed with the City, or conviction of a gross misdemeanor or felony offense.

FISCAL IMPACT:

No fiscal impact.