



**TO:** Elizabeth Pauli, City Manager  
**FROM:** Mayor Woodards  
**COPY:** City Council and City Clerk  
**SUBJECT:** Resolution ratifying the Annual Performance Review of the City Manager and authorizing execution of an amendment to the employment compensation agreement with Elizabeth Pauli to serve as City Manager of the City of Tacoma – October 6, 2020  
**DATE:** September 30, 2020

---

**SUMMARY AND PURPOSE:**

Ratifying the Annual Performance Review of the City Manager, and authorizing the execution of an amendment to the employment compensation agreement with Elizabeth Pauli to serve as City Manager of the City of Tacoma, retroactive to May 16, 2020.

**COUNCIL SPONSORS:** Mayor Woodards

**BACKGROUND:**

On May 14, 2019, the City Council approved a motion authorizing the execution of an employment compensation agreement with Elizabeth Pauli to serve as City Manager of the City of Tacoma for the period of May 16, 2019, through May 15, 2021. Section 3.1 of the Tacoma City Charter requires the City Council to review the City Manager’s performance annually. Due to the COVID-19 pandemic, the City Council extended the timeframe to conduct the review of the City Manager’s performance for the period of June 2019, through May 2020, and rate her performance.

The City Council met in Executive Session during August and September 2020 to rate her performance, and if it is determined that Elizabeth Pauli has achieved certain performance outcomes, and, pursuant to the current employment compensation agreement, Section 5.A, she is entitled to an increase in compensation.

All non-represented City employee salary schedules were increased by a 3 percent general wage adjustment in January 2020. The City Manager’s salary schedule was not increased by the 3 percent cost of living adjustment until after her annual performance review was conducted.

The City Council desires to approve the 3 percent general wage adjustment to City Manager’s salary schedule and paying the City Manager at step 5B on the new schedule, which is equal to \$272,563.20 annually constituting a \$7,924.80 increase above her current salary. In addition, the City Council desires to continue to pay the maximum IRS allowed annual deferral contribution to the City Manager’s 457(b) plan and add to this amount the Age 50 Catch-up annual deferral contribution, currently equal to \$6,500, with all contribution amounts to be paid by the end of January 2021 (including any adjustments made by IRS to these amounts in 2021).

**COMMUNITY ENGAGEMENT/ CUSTOMER RESEARCH:**

The Resolution will impact the entire City as a whole by fulfilling the mandate of the City Charter, which requires the City Council to annually conduct a review of the City Manager’s performance. In conducting its review, the Council has sought input on the City Manager’s performance from underrepresented communities.



**2025 STRATEGIC PRIORITIES:**

**Equity and Accessibility:**

The City Manager has been leading the City’s efforts to reduce racial and other inequities to underrepresented communities, so her continued appointment and the review of her performance is vital to this cause.

All of the Tacoma 2025 strategic goals will be impacted.

**Explain how your legislation will affect the selected indicator(s).**

The City Manager is the chief executive officer for the City and is responsible for directing the actions related to achieve the 2025 strategic goals.

**ALTERNATIVES:**

The City Council can alter, modify, or reject the performance review document and the recommended increase in annual compensation.

**EVALUATION AND FOLLOW UP:**

The City Manager has achieved certain performance outcomes, and, pursuant to Section 5.A of the current employment compensation agreement, is entitled to an increase in compensation.

**STAFF/SPONSOR RECOMMENDATION:**

The City Council recommends ratification of the 2020 Annual Performance Review of the City Manager, and further recommends amending the employment compensation agreement with Elizabeth Pauli, retroactive to May 16, 2020, to include the new annual salary and the continued payment of the maximum deferred compensation contribution, including the Age 50 Catch-up annual deferral contribution, currently equal to \$6,500, to the City Manager’s 457(b) plan, with all contribution amounts to be paid by the end of January 2021.

**FISCAL IMPACT:**

The incremental increase in annual compensation is approximately \$7,924.80, plus \$6,500 for the Age 50 Catch-up annual deferral contribution (and any IRS increase to this amount or the underlying maximum 457(b) plan deferral amount). The Fiscal Impact below includes approximately \$2,000 to reflect the increase in cost of benefits which are based on percentage of salary, such as TERS and Basic Life Insurance.

Fund Number & Name	COST OBJECT (CC/WBS/ORDER)	Cost Element	Total Amount
5800 – CMO, Internal Services Fund – City Manager’s Office	598200	5110455	\$16,500
<b>TOTAL</b>			\$16,500

**What Funding is being used to support the expense?**

The incremental increase is budgeted for in the 2019-2020 biennial budget in the City Manager's Office departmental budget in the internal service fund 5800.

**Are the expenditures and revenues planned and budgeted in this biennium’s current budget?**

YES

**Are there financial costs or other impacts of not implementing the legislation?**

YES



**City of Tacoma**

**City Council Action Memorandum**

**Will the legislation have an ongoing/recurring fiscal impact?**

YES

**Will the legislation change the City's FTE/personnel counts?**

NO

**ATTACHMENTS:**

- Annual Performance Review of the City Manager