

RESOLUTION NO. 14-19

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COVINGTON, KING COUNTY, WASHINGTON, AUTHORIZING THE MAYOR TO EXECUTE A CONTRACT FOR CITY MANAGER AND DELEGATING ADMINISTRATIVE POWERS AND DUTIES TO THE CITY MANAGER.

WHEREAS, the City Council of the City of Covington has been duly elected and is authorized to enter into contracts pursuant to RCW 35A.13.230; and

WHEREAS, the City Council desires to hire the services of a City Manager to serve as the executive administrator of the city; and

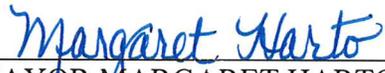
WHEREAS, the City Council has selected Regan Bolli to serve as the city's City Manager; now, therefore,

BE IT RESOLVED by the City Council of the City of Covington, King County, Washington, as follows:

Section 1. Appointment of City Manager. After due consideration, the City Council hereby appoints Regan Bolli as City Manager for the City of Covington and the Mayor is hereby authorized to execute the contract for services ATTACHED HERETO AS Exhibit "A". Pursuant to RCW 35A.13.230, this appointment shall be effective on the 12th day of January, 2015.

Section 2. Delegation of Administrative Powers and Duties. The City Council hereby delegates to the City Manager all such administrative powers and duties as are applicable to a City Manager pursuant to RCW 35A.13.080.

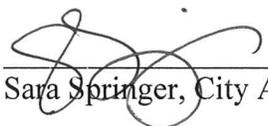
PASSED in open and regular session on this 25th day of November, 2014.


MAYOR MARGARET HARTO

ATTESTED:


Sharon Scott, City Clerk

APPROVED AS TO FORM:


Sara Springer, City Attorney

CITY OF COVINGTON
CITY MANAGER
EMPLOYMENT AGREEMENT

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**City of Covington
City Manager Employment Agreement**

THIS AGREEMENT is entered into by and between the **City of Covington**, a Washington municipal corporation, (hereafter "the Employer" or "the City") and **Regan Bolli**, (hereafter "the Employee").

WHEREAS, the Employee is an individual who has the education, training, and experience in local government management and who, as a member of ICMA, is subject to the ICMA Code of Ethics; and

WHEREAS, the City wishes to employ the Employee as City Manager; and

WHEREAS, the purpose of this Agreement is to establish the terms and conditions under which the Employee will undertake the duties as City Manager;

NOW THEREFORE, in consideration of the mutual promises and agreements set forth herein, the Employer and the Employee do hereby agree as follows.

AGREEMENT

Section 1: Term

- A. Effective Date.** This Agreement shall remain in full force and effect from date of execution noted in the signature block herein until terminated by the Employer or Employee as provided in Sections 9, 10, or 11 of this Agreement.
- B. Employment Start Date.** The Employee shall commence his/her employment as City Manager on January 12, 2015.

Section 2: Duties and Authority

The Employer agrees to employ the Employee as City Manager to perform the functions and duties specified in Chapter 35A.13 of the Revised Code of Washington (RCW) and in Exhibit A to this Agreement and to perform other legally permissible and proper duties and functions as required. The city council agrees to direct its concerns and requests for action to the Employee. The Employee shall be permitted to attend all meetings of the city council, except specific executive sessions at the discretion of the city council. The Employee recognizes that the city council is the policy-making body of the City and agrees to respond promptly and equally to all members of the council regarding their concerns.

Section 3: Compensation

- A. Base Salary.** The Employer agrees to pay the Employee for his/her services an annual salary of \$151,072 (Step 2 of Salary Range 24a in the City of Covington 2015 Salary Schedule), in installments on normal City payroll dates.
- B. Six-Month Evaluation.** The city council shall conduct an employee evaluation six (6) months following the Employee's effective date of employment (on or around July 12, 2015). A successful evaluation will result in the Employee being raised from an annual salary at Step 2 of Salary Range 24a, as noted above, to an annual salary at Step 3 of Salary Range 24a (\$155,604). Subsequent employee evaluations shall commence in accordance with Section 12 of this Agreement. A

satisfactory annual evaluation may result in a pay increase or alternative means of compensation, but neither a pay increase nor alternative means of compensation is guaranteed.

- C. **COLA.** The Employer agrees to increase the Employee's compensation each year by the same Cost Of Living Adjustment (COLA) granted to other regular full-time City employees starting in the year 2016.
- D. **Merit Award Program.** The Employee is eligible to participate in the Employer's Merit Award Program in accordance with the requirements of the program, so long as that program remains in effect.
- E. **Relocation Compensation.** The Employer agrees to pay the Employee a one-time amount of ten thousand dollars (\$10,000) to help defray the Employee's costs of relocation and/or temporary housing to locate residence within the City or within a reasonable driving distance of the City. If the Employee resigns his/her position of City Manager or is terminated within three (3) years of his/her start date, the Employee shall repay the relocation compensation provided under this subsection at a prorated percentage based on time of service. Any amount due back to the Employer under this subsection may be withheld from the Employee's final payment of compensation from the Employer.
- F. **Salary Reduction.** The Employer agrees not to reduce the salary or other financial benefits paid to the Employee in a percentage greater than any reduction applicable to all City employees.
- G. **Automatic Amendment.** This Agreement shall be automatically amended to reflect any salary adjustments that are provided or required by the Employer's compensation policies.

Section 4: Health, Life Insurance and Disability Benefits

- A. **Medical/Dental/Vision.** The Employer agrees to provide and to pay the premiums for medical, dental, and vision insurance for the Employee and his/her dependents for coverage levels equal to that which is provided to all other regular full-time City employees.
- B. **VEBA Health Savings Account (HSA).** It is mandatory that all eligible City employees participate in a VEBA Health Savings Account (HAS) in accordance with the guidelines set by City policy.
- C. **Life/Disability.** The Employer agrees to provide Employee with the same life, disability, and other insurance policies provided to, or as may be provided to, all other regular full-time City employees.

Section 5: Vacation Leave, Sick Leave and Holidays

- A. **Vacation.** The Employer will provide the Employee with eighty (80) hours of vacation leave upon the start date of his/her employment. The Employee will accrue vacation leave at a rate of fifteen (15) 8-hour days of vacation per year of employment. Vacation accrual rates will increase in accordance with the Employer's adopted schedule until the maximum annual accrual of vacation time is reached. Carryover of accrued vacation leave shall be permitted pursuant to the Employer's policy for all regular full-time employees. In the event the Employee's employment is terminated, either voluntarily or involuntarily, the Employee shall be compensated for all accrued vacation time.

- B. Sick Leave.** The Employee shall be given a sick leave bank of forty (40) hours upon the start date of employment. The Employee will continue to accrue sick leave at a rate of 3.69 hours per bi-weekly pay period until the maximum accrual amount, as specified by the Employer's policy, is reached. In the event the Employee's employment is terminated, either voluntarily or involuntarily, and the termination is not for cause, the Employee shall be compensated for twenty-five percent (25%) of accrued sick leave, which shall be deposited in the Employee's VEBA Health Savings Account, as has been determined by majority vote of City staff.
- C. Recognized Holidays.** The Employee shall receive the same paid recognized City holidays as all other regular full-time City employees.

Section 6: Automobile and Travel

- A. Automobile Allowance.** The Employee's duties require that he/she have use of an automobile for local travel. The Employer shall pay the Employee a \$400.00 per month automobile allowance, with no additional mileage reimbursement for local travel. Local travel shall be defined as an approximate fifty (50) mile radius from the address of Covington City Hall.
- B. Long-distance Travel.** The Employer shall reimburse the Employee for long-distance travel by automobile after deducting the fifty (50) mile radius and in accordance with the Employer's travel reimbursement policies and procedures.
- C. Vehicle Usage Agreement.** The Employee must comply with the provisions of the Employer's Vehicle Usage Agreement, including possession of a valid driver's license, and shall notify the Employer of any change in his/her license status (i.e., suspension or revocation). The Employee agrees that he/she is responsible for maintaining liability, property damage, and comprehensive auto insurance while employed as City Manager. The Employee agrees that he/she is responsible for the provision, operation, maintenance, repair, and replacement of a personal automobile for his/her use in conducting City business.

Section 7: Retirement, Deferred Compensation, and Miscellaneous Financial Benefits

- A. Retirement Plan.** The Employer agrees to contribute a percentage of the Employee's pay to the Employee's 401(a) Plan equal to that percentage allowed for regular full-time employees of the City, in lieu of contributions to the state employee retirement plan (PERS) and Social Security. All Employer contributions hereunder to the 401(a) Plan on behalf of the Employee, and any earnings thereon, shall be fully vested only upon the Employee's completion of five (5) years of service on January 12, 2020.
- B. Deferred Compensation.** As additional compensation pursuant to this Agreement, the Employer shall contribute six percent (6%) of the Employee's annual base salary to the City's Executive 457 Deferred Compensation Plan. All Employer contributions hereunder to the Executive 457 Plan on behalf of the Employee shall vest at a graduated rate of twenty percent (20%) per year and shall be fully vested only upon Employee's completion of five (5) years of service on January 12, 2020.

The Employee is entitled to personally contribute an amount not to exceed the maximum annual contribution allowed by the IRS to his/her Executive 457 Deferred Compensation Plan. Any

contribution made by the Employee to his/her Executive 457 Plan is not affected by the above vesting provision that applies to the Employer's Executive 457 Plan contributions.

- C. Additional Benefits.** The Employee is entitled to receive any and all other financial benefits that currently are or may be offered to regular full-time City employees, such as Section 125 Pre-Tax Benefit Plan, Long-Term Disability Insurance, Life Insurance, Accidental Death and Dismemberment, and Survivor's Life Insurance.

Section 8: General Business Expenses

- A. Professional Organizations and Development.** Subject to sufficient budget resources, the Employer agrees to budget for and to pay for the following:
1. Professional dues and subscriptions of the Employee necessary for continuation and full participation in national, regional, state, and local associations and organizations necessary and desirable for the Employee's continued professional participation, growth, and advancement, and for the good of the Employer;
 2. Travel and subsistence expenses of the Employee for professional and official travel, meetings, and occasions to adequately continue the professional development of the Employee and to pursue necessary official functions for the Employer, including but not limited to the ICMA Annual Conference, the state league of municipalities, and such other national, regional, state, and local governmental groups and committees in which the Employee serves as a member;
 3. Travel and subsistence expenses of the Employee for short courses, institutes, and seminars that are necessary for the Employee's professional development and for the good of the Employer.
- B. General Expenses.** The Employer recognizes that certain expenses of a non-personal and job related nature may be incurred by the Employee and agrees to reimburse or to pay said general expenses. The Finance Director is authorized to approve such moneys for disbursement upon receipt of duly executed expense reports, petty cash vouchers, receipts, and statements per any existing or future City policies and procedures.
- C. Civic Organizations.** The Employer acknowledges the value of having the Employee participate and be directly involved in local civic clubs or organizations. Accordingly, the Employer shall pay for the reasonable membership fees, meals, and/or dues to enable the Employee to become an active member in local civic clubs or organizations.

Section 9: Termination

- A. Generally.** For the purpose of this Agreement, termination shall occur upon any of the following actions:
1. A simple majority of the city council votes to terminate the Employee, with or without cause, at a duly authorized public meeting;
 2. If the Employer, citizens, or state legislature acts to amend any provisions of state or local statutes or enabling legislation pertaining to the role, powers, duties, authority, or

responsibilities of the Employee's position that substantially changes the form of the City's government, the Employee shall have the right to declare that such amendments constitute termination;

3. If the Employer reduces the base salary, compensation, or any other financial benefit of the Employee, unless it is applied in no greater percentage than the average reduction of all City department heads, such action shall constitute a breach of this Agreement and will be regarded as a termination; or
4. If the Employee resigns following an offer to accept resignation, whether formal or informal, by the Employer as representative of the majority of the city council, then the Employee may declare a termination as of the date of the city council's offer to accept resignation.

B. Termination for Cause.

1. The Employee may be terminated for "cause" if the Employer has a fair and honest cause or reason to terminate the Employee regulated by good faith on the part of the Employer and based on facts: (a) that are supported by substantial evidence; (b) that the Employer reasonably believes to be true; and (c) that are not based upon any arbitrary, capricious, or illegal reason. Acts, errors, or omissions that discredit the City, or materially impair the provision of orderly services to the citizens of the City, as determined by a simple majority of the city council, shall constitute "cause".
2. The following are additional examples of the types of conduct that may constitute "cause" and result in termination for cause—this list is not exhaustive nor is it intended to identify all possible bases for termination for "cause":
 - a. Consumption or possession of alcohol, illegal drugs, or controlled substances on the job, or arriving at work under the influence of alcohol, illegal drugs, or controlled substances;
 - b. Violation of a lawful duty;
 - c. Insubordination;
 - d. Conviction of a felony or misdemeanor involving moral turpitude;
 - e. Acceptance of fees, gratuities, or other valuable items in the performance of the Employee's official duties for the City; or
 - f. Engaging in any transaction or activity that is in conflict with or incompatible with the proper discharge of official duties.
3. The procedure for implementing termination for cause shall be in accordance with the principles of due process as hereafter set forth:

- a. Prior to termination, the Employer shall notify the Employee of the reason(s) he/she is being terminated for cause and provide the Employee with an opportunity to respond prior to any final action being taken. Said response may be oral, in writing, or both oral and written.
- b. The purpose of the foregoing procedure is to permit the Employee to intelligently respond to the reason(s) for termination for cause before a decision is irreversibly made, thus providing the Employer with an opportunity to re-evaluate the proposed decision in light of the Employee's response.

Section 10: Severance

A. Salary and Medical Benefits. Except for termination for cause, the following severance shall be provided to the Employee when his/her employment is terminated, as defined in Section 9 herein.

1. The Employer shall pay a minimum severance payment of six (6) months' salary at a rate of one hundred percent (100%) of the Employee's highest salary within the twenty-four (24) month period preceding termination.
2. The Employer shall provide the same medical premium benefits provided to regular full-time City employees for a period of twelve (12) months, with eight (8) of those twelve (12) months occurring concurrently with the six (6) months that severance payments will be made.
3. The above severance shall be paid in installments on normal City payroll dates. Severance payments shall cease on the date the terminated Employee accepts or obtains employment of any nature, including self-employment, or after six (6) months from the date of termination, whichever shall occur first. Medical premium benefits shall cease on the date the terminated Employee accepts or obtains employment of any nature, including self-employment, or after twelve (12) months from the date of termination, whichever shall occur first.

B. No Severance if Terminated for Cause. Severance shall not be paid if the Employee is terminated for "cause" pursuant to Section 9 and 10 herein.

Section 11: Resignation

In the event that the Employee voluntarily resigns his/her position with the Employer, the Employee shall endeavor to provide forty-five (45) days' notice, but not less than thirty (30) days' notice, unless the parties agree otherwise.

Section 12: Employee Evaluations

Following the initial employee evaluation at the end of the first six (6) months of employment (on or near July 12, 2015), the city council shall review and evaluate the performance of the Employee at least once annually, normally occurring in the last quarter of each calendar year. Such performance evaluation shall be based upon specific goals and criteria developed jointly by the city council and the Employee. Such goals and criteria shall be added and deleted as the city council may from time to time determine in consultation with the Employee. Furthermore, the city council shall develop the evaluation in written form after consultation with the Employee.

Section 13: Hours of Work

It is recognized that the Employee must devote a great deal of time outside normal office hours on business for the Employer, and to that end the Employee shall be allowed to establish an appropriate work schedule. As a guideline, as a minimum the Employer expects approximately forty (40) hours of service per week, Monday through Friday, based out of city hall and during such hours that are most useful to work with the public, the elected officials of the City, and the staff. The Employee's classification is "Exempt" and this position is not covered by the FLSA or eligible for overtime compensation. However, because the Employee must also devote considerable professional time outside of normal office hours, the Employer agrees that the Employee will be allowed to take occasional time off during normal work hours, provided such time off is not disruptive to the needs of the City. Absences of one (1) full work day or longer, in one-day increments, shall be charged as Employee Leave.

Section 14: Outside Activities

The employment provided for by this Agreement shall be the Employee's sole employment. Recognizing that certain outside consulting or teaching opportunities provide indirect benefits to the Employer and the community, the Employee may elect to accept limited teaching, consulting, or other business opportunities with the understanding that such arrangements shall not constitute interference with, nor a conflict of interest with, his or her responsibilities under this Agreement.

Section 15: Compliance with Laws and the City Employee Handbook

In performing the services contemplated by this Agreement, the Employee shall faithfully observe and comply with all federal, state, and local laws, ordinances, and regulations applicable to the services to be rendered under this Agreement. The Employee shall also abide by the Employer's policies and procedures as outlined in the City of Covington Employee Handbook, as currently adopted and as amended from time to time, unless they conflict with this Agreement, in which case this Agreement shall prevail.

Section 16: Discrimination Prohibited

With regard to the work performed by the Employee under this Agreement, the Employee shall not discriminate on the grounds of race, color, national origin, religion, creed, age, gender, marital status, sexual orientation, or the presence of any physical, sensory, or mental disability in any aspect of the Employee's work including, but not limited to, the selection and retention of employees, procurement of materials or supplies, or the letting of contracts.

Section 17: Indemnification and Professional Liability Insurance

The Employer agrees to indemnify, insure, and hold harmless, including separate legal counsel if the Employer cannot represent the Employee, for any and all civil legal actions brought against the Employee arising from the lawful discharge of his/her duties during his/her employment as City Manager. The Employer shall also provide professional liability insurance to cover actions taken by the Employee during the course and scope of his/her employment.

Section 18: Bonding

The Employer shall bear the full cost of any fidelity or other bonds required of the Employee under any law or ordinance.

Section 19: Other Terms and Conditions of Employment

- A. Confidentiality.** The Employee agrees that his/her position is a managerial position and acknowledges that he/she will occupy a position of confidentiality involving personnel and legal matters.
- B. Residency Requirement Waived.** The City Manager residency requirement, as provided under Chapter 35A.13 RCW, is hereby waived by the Employer.

Section 20: General Provisions

- A. Entire Agreement.** This Agreement constitutes the entire Agreement of the parties with respect to the subject matter of this Agreement and supersedes and replaces any prior written or oral agreements or understandings between the parties.
- B. Amendments.** The parties by mutual written agreement may amend any provision of this Agreement during the life of the Agreement. Such amendments shall be incorporated and made a part of this Agreement.
- C. No Waiver.** The waiver by any party of a breach or violation of any term of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach.
- D. Severability.** If any term of this Agreement is held to be illegal, void, or unenforceable for any reason, in full or in part, such holding shall not affect the validity and enforceability of any remaining provisions of this Agreement and said remaining provisions shall be deemed to be in full force and effect.
- E. Assignment.** This Agreement is for the services of a specific individual chosen for his/her unique qualifications and is not assignable. Subject to the foregoing, payments due shall inure to the benefit of and be binding upon their respective successors in interest, heirs, and assigns.
- F. Attorneys' Fees.** In the event of mediation, arbitration, or litigation between the parties arising out of or in any way related to any term set forth in this Agreement, each party shall pay all of its own attorney's fees, costs, and expenses.
- G. Governing Law and Venue.** This Agreement shall be made in and shall be governed by and interpreted in accordance with the laws of the State of Washington. The venue for any dispute related to this Agreement shall be King County, Washington.
- H. Independent Counsel.** The Employee acknowledges that the drafter of this Agreement is the Employer's legal representative to whom the Employee does not look to for any legal counseling or legal advice with regard to this transaction. The Employee further acknowledges that he/she has been advised to consult with independent legal counsel and has had an opportunity to do so. By signing this Agreement, the Employee acknowledges that he/she has consulted with independent legal counsel of his/her choice or has knowingly waived the right to do so. There shall be no presumption of draftsmanship in favor of or implied against any party hereto.

- I. **Headings.** The headings in this Agreement are intended solely for convenience of reference and shall be given no effect in the interpretation of this Agreement.

Section 21: Effective Date and Approval Date

This Agreement is effective as of January 12, 2015.

This Agreement was approved by resolution by a majority of the city council at its public meeting on November 25, 2014.

Margaret Harto, Mayor

Regan Bolli, Employee

Attested By: Sharon Scott, City Clerk

Approved as to form:
Sara Springer, City Attorney

“EXHIBIT A”

City of Covington City Manager Job Responsibilities

The City Manager shall perform high-level administrative, technical, and professional responsibilities in directing and supervising the administration of all departments of city government. The City Manager exercises supervision over all municipal employees, either directly or through subordinate supervisors, and works under broad policy guidance and the direction of the mayor and city council.

The following are the essential responsibilities of the position:

- As head of the City’s management team, manage and supervise all departments, agencies, and offices of the City to achieve goals within available resources. Plan and organize workloads and staff assignments, review progress, and direct changes, as needed.
- Oversee City personnel practices and provide direction, job performance evaluations, and discipline to subordinates in accordance with established policies.
- Provide leadership and direction in the development of short- and long-range plans. Gather, interpret, and prepare data for studies, reports, and recommendations. Coordinate City activities with other departments and agencies, as needed.
- Provide professional advice to the city council and department heads; make presentations to councils, boards, commissions, civic groups, and the general public.
- Communicate official plans, policies, and procedures to staff and the general public.
- Assure that assigned areas of responsibility perform within budget. Perform cost control activities and monitor revenues and expenditures to assure sound fiscal control. Assure effective and efficient use of budgeted funds, personnel, materials, facilities, and time. Advise the city council of financial conditions and current and future City needs.
- Determine work procedures, direct work schedules, and expedite workflow. Study and standardize procedures to improve efficiency and effectiveness of operations.
- Maintain harmony among workers and resolve grievances. Assist subordinates in performing duties; address errors and complaints.
- Appoint or assist in the selection and removal all department heads, officers, and employees of the City, except members of the city council and city council appointed commissions.
- Assure that all laws and ordinances are faithfully adhered to.
- Other required duties of a similar or related nature.