

**EMPLOYMENT AGREEMENT BETWEEN THE CITY OF SHORELINE AND
JULIE UNDERWOOD**

THIS AGREEMENT is made and entered into this _____ day of _____, 2011, by and between the City of Shoreline, Washington, a municipal corporation, hereinafter called "Employer" or "City Council," and Julie Underwood, hereinafter called "Employee" or "City Manager."

WITNESSETH:

WHEREAS, Employer desires to employ the services of said Julie Underwood as City Manager of the City of Shoreline, as provided for in Chapter 35A.13 of the Revised Code of Washington; and

WHEREAS, it is the desire of City Council to provide certain benefits and to establish conditions of employment of said Employee including inducements to continue employment; and

WHEREAS, Employer desires to establish an atmosphere which makes possible the Employee's full productivity and at the same time ensures the Employee's future security by establishing a clear mutual understanding as to pay and fringe benefits and providing a just and proper means for terminating the services of the Employee if that action becomes necessary or desirable; now therefore

IN CONSIDERATION of the mutual covenants herein contained, the parties agree as follows:

1. Employment and Duties

A. The City Council hereby agrees to employ Julie Underwood as City Manager of the City of Shoreline, to perform on a full-time basis the functions and duties specified in Chapter 35A.13 RCW for this office and other permissible and proper duties and functions as the City Council shall from time to time assign, subject to this Agreement.

B. The City Manager agrees to remain in the exclusive employment of the City of Shoreline, while employed by the City of Shoreline. "Employment," however, shall not be construed to include occasional teaching, writing, professional consultation or speaking performed on leave or outside normal work hours, even if outside compensation is provided for such services. Said activities are expressly allowed, provided that in no case is any activity allowed which would present a conflict of interest with the City of Shoreline. In the event overnight travel is required for such non-Employer related business, the City Council shall be notified in advance. De minimis use of City equipment for such purpose is hereby authorized.

2. Term

A. This Agreement and appointment shall become effective February 26, 2011.

B. This Agreement is for an indefinite term of employment with no guaranteed tenure, subject, however to the limitations, notices, requirements, payments, and matters hereinafter set forth.

C. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of Employer to terminate the services of Employee at any time, subject to the provisions set forth in Section 7 of this Agreement and those contained in applicable state law.

D. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of Employee to resign her position with Employer at any time, subject to a thirty (30) day notice and the provisions of this Agreement.

3. Compensation and Benefits

A. **Base Annual Salary.** For services rendered by Employee pursuant to this Agreement, Employer shall pay Employee a base annual salary of One Hundred Fifty Thousand Dollars (\$150,000), on the City's regular payroll schedule. Employer agrees that during the term of employment as City Manager Employee's salary will never be reduced below the above-mentioned base annual salary, except as provided in Section 6. The Employer agrees to increase the base salary each year by the amount of the across the board cost of living increase applied to salary ranges of the other employees of the Employer. This is a flat or one-step range.

B. **Social Security Replacement Account.** Employer and Employee shall make their required payments of six point two (6.2) percent of Employee's base annual salary, with immediate vesting, into the Social Security 401(a) replacement fund administered by the City, or such other percentage contribution established for this fund by the City Council for all employees. In addition, the parties shall make required contributions to the Medicare Program at the federally determined percentage.

C. **Insurance Coverage.** Employer agrees to provide for health, hospitalization, surgical, long term disability, life, vision, dental and comprehensive medical insurance for the Employee and her dependents equal to that which is provided to all other employees of the City of Shoreline.

D. **Retirement.** Employee is covered by the State of Washington PERS 2 retirement system. Employer shall contribute the State required amounts for the Employer's share of Employee's participation in the PERS 2 retirement system as established in state law. The parties acknowledge that the amount of the Employer contribution is subject to adjustment by the state legislature in the future and agree that said contribution shall be adjusted (either increased or decreased) accordingly.

Employer shall contribute an amount to the Employee's 457 Deferred Compensation Plan account which matches the Employee's contribution to this account; provided the Employer's contribution shall not exceed 5% of the Employee's base salary.

E. Leave

1. Employee shall accrue vacation leave at a rate per pay period equivalent to 20 days in each calendar year. The Employee may only carry over 240 hours of vacation leave from December 31 of any year to January 1 of the next year. Vacation in excess of this balance not used by the end of the year shall be forfeited.

2. Employee shall be granted sick leave, management leave, personal leave, holidays, and other leave at a rate equal to other City exempt employees under the Employee Handbook.

F. Travel reimbursement. Travel expenses including use of personal vehicles beyond the city limits of Shoreline shall be subject to reimbursement under the City Business Expense Policy.

4. Professional Development

A. Memberships and Training. Employer hereby agrees to pay for expenses of Employee for membership to the Washington City/County Managers Association and paid attendance to its annual conferences. Employer hereby agrees to pay for expenses of Employee for membership to the International City/County Managers Association and attendance at the ICMA conference may be scheduled if funds are available in the annual budget for the City Manager's Office. Reimbursement for expenses incurred under this section shall be made according to the City Business Expense Policy and approved by the Mayor.

B. Annual Performance Evaluation

1. With the assistance of a qualified facilitator acceptable to Employer and Employee, Employer shall review and evaluate the performance of the Employee after six months, twelve months and at least once annually thereafter. The Mayor shall provide the Employee with a written summary of the findings of the Employer and provide adequate opportunity for the Employee to discuss her evaluation with the Employer.

2. Annually, the Employer and Employee shall define such goals and performance objectives which they determine necessary for the proper operation of the City and in the attainment of the Employer's policy objectives and shall further establish a relative priority among those various goals and objectives, said goals and objectives to be reduced to writing. They shall generally be attainable within the time limitations as specified and the annual operating and capital budgets and appropriations provided. Such goals and objectives may be revised by the Employer as necessary to meet the changing needs of the City following consultation with the Employee.

5. Indemnification

As a condition of Employee's employment Employer agrees that it shall defend, hold harmless and indemnify Employee and her marital community against any tort, professional or personal liability claim, demand, or legal action of any kind or nature, whether groundless or otherwise, arising directly or indirectly out of an alleged act or omission occurring in the performance of Employee's duties according to Shoreline

Municipal Code Chapter 2.40. This indemnification and hold harmless shall continue after Employee's cessation of employment but only insofar as it relates back to claims, demands, suits, judgments and professional, personal and community liability arising either directly or indirectly out of her employment. The terms of this provision assume and are conditioned upon the Employee acting in a lawful manner and within the scope of her authority as City Manager and fully cooperating in the defense of any such claims and suits.

6. No Reduction of Benefits

Unless expressly provided herein, Employer shall not at any time during the term of the Employee's tenure in office reduce the salary, compensation, or other financial benefits of Employee, including office arrangements, except to the same degree of such a reduction across-the-board for all employees of the Employer.

7. Termination and Severance

A. In the event the Employee is terminated or requested by the Employer to resign for the convenience of the City of Shoreline, or voters elect to change from a Council/Manager form of government and Employee does not agree to accept another position with the City of Shoreline following reorganization, then Employer shall provide severance compensation in the amount of six (6) months of salary, cash equivalent of vested benefits and deferred compensation, based upon the salary and benefits in effect at the time of notice of termination, resignation or change of government, and the Employer shall extend and pay for Employee's health coverage benefits for six (6) months. Employer shall additionally compensate Employee for all earned vacation, management leave and personnel leave balances in effect on the date of termination, resignation, or change of government. Said severance compensation shall be paid in a lump sum, monthly or in quarterly installments, at the Employee's election. The Employer shall be authorized to perform any deductions required by law. Any termination action taken by the Employer shall be subject to the notice period required by state law (RCW 35A.13.130 and RCW 35A.13.140, or successor statutes). The Employer, in its sole discretion, may substitute advance notice of termination in addition to that required by statute for any or all of the six months severance compensations listed above. Additionally, the Employer and Employee may, by mutual consent, arrange for a time-certain effective date of such termination, subject to the aforementioned notice period required by state law.

B. Failure of the Employer to correct a material breach of the Agreement after notice and a reasonable opportunity to comply will be considered a constructive discharge without cause and Employee will be entitled to severance compensation specified in this section.

C. In the event the City Manager is terminated for "just cause," then Employer's only obligation to the City Manager is to pay all compensation and benefits accrued but unpaid at the date of termination. "Just cause" is defined and hereby limited for the purposes of this Agreement to the following reasons: (1) willful neglect of duty; (2)

felony or misdemeanor conviction of any crime involving moral turpitude; (3) dishonesty in the performance of job duties; or (4) improper government action as defined in RCW 42.02.020.

8. Residency

Employee shall reside within the City limits of Shoreline.

9. General Provisions

A. In addition to the rights and benefits detailed herein, the City Manager shall receive all benefits accruing to the exempt employees of the City of Shoreline, except where they are in conflict with the specific provisions of this Agreement.

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

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

D. This Agreement shall become effective upon execution by Employee and adoption and approval by the City Council of the City of Shoreline.

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

F. Notices pursuant to this Agreement shall be deemed given as of the date of personal service or date of deposit, postage prepaid, in the United States Postal Service addressed to the Employer at City Clerk, 17500 Midvale Avenue North, Shoreline, WA 98133-4905 or the Employee at the address maintained by the Employee at the City for mailing federal tax notices.

Keith McGlashan
Mayor

Julie Underwood