

**SAMMAMISH PLATEAU WATER AND SEWER DISTRICT
EMPLOYMENT AGREEMENT
FOR GENERAL MANAGER**

THIS AGREEMENT (“Agreement”) is made and entered by and between the Sammamish Plateau Water and Sewer District, a municipal corporation (“District”) and John C. Krauss (“General Manager” or "Krauss") (individually a “Party” and collectively the “Parties”) effective the 1st day of October, 2016 (“Effective Date”) for the purposes set forth below.

WHEREAS, the District and Krauss previously entered into an Employment Agreement for General Manager effective October 1, 2013, for Krauss’s services to the District as the District’s General Manager; and the Employment Agreement was subsequently amended by agreement of the Parties effective October 1, 2014 (“First Amendment”), and further amended by agreement of the Parties effective October 1, 2015 (“Second Amendment”) (the Employment Agreement and the First and Second Amendments collectively the “Employment Agreement”); and

WHEREAS, the District desires to continue to employ Krauss as the General Manager and to update and modify the terms and conditions of the Employment Agreement and its term; and

WHEREAS, Krauss desires to continue to be employed as General Manager of the District;

NOW, THEREFORE, in consideration of the terms and conditions set forth herein, the Parties agree as follows:

1. Employment.

(A) Commencing on October 1, 2016 (the “Anniversary Date”), Krauss shall be employed as the General Manager of the District according to the terms and conditions stated herein.

(B) As General Manager, Krauss shall perform the functions and duties as the District’s chief administrative officer and shall be in charge of the District’s daily management and operations, and such other legally permissible and proper duties as the Board of Commissioners of the District may assign to him, which are consistent with the duties, powers and responsibilities of his position.

(C) As General Manager, Krauss shall be responsible to the Board of Commissioners for the performance of his duties. He agrees to observe and comply with the rules and regulations duly adopted by the District with respect to the performance of his duties. He agrees to carry out and to perform orders, directions, and policies stated, adopted, and communicated by the Board

of Commissioners to him, which are consistent with the duties, powers, and responsibilities of his position.

(D) Employment of the General Manager under this Agreement shall continue through September 30, 2021, unless such employment is terminated sooner as provided in this Agreement; provided, if this Agreement is not terminated sooner as provided in this Agreement, this Agreement may be extended by one (1) year on or before the Anniversary Date, and on the Anniversary Date of each year thereafter by mutual agreement of the Parties and amendment to this Agreement.

(E) In the event the District ceases to exist by virtue of a merger into or assumption by another municipal entity, this Agreement, as set forth in Chapter 35.13A RCW or other applicable laws, shall continue in full force and effect as originally approved and adopted, subject to any ordinary and necessary adjustments and work requirements; provided, however, the General Manager shall continue to report to the highest legally permissible level of elected authority of any such successor municipal entity; and, provided further, notwithstanding the provisions of Section 7 “Termination – Severance Pay” herein, should the General Manager reasonably determine any successor municipal entity in the event of a merger or assumption substantially changes the General Manager’s duties and responsibilities as set forth in this Agreement, the General Manager shall have the right to resign from the employment of the successor municipal entity, and in that event shall be entitled to receive twenty four (24) months’ severance pay based upon the General Manager’s base salary on the date the resignation is effective and begin COBRA for the General Manager’s medical and dental coverage that will be paid for by the successor municipal entity for the twenty four (24) months following such resignation.

2. Compensation.

(A) The District agrees to pay the General Manager for services rendered, pursuant to this Agreement, an annual base salary of One Hundred Ninety Seven Thousand Dollars (**\$197,000.00**) payable in installments on the regularly scheduled payroll dates for other employees of the District. General Manager is an exempt employee under the Fair Labor Standards Act and the Washington Wage and Hour Act.

(B) In lieu of a District provided vehicle, the General Manager shall use his personal vehicle for District business. The General Manager shall receive a vehicle allowance of Five Hundred Dollars (\$500.00) per month, which shall be full reimbursement for gas expense and mileage incurred within 150 miles roundtrip while on District business, vehicle maintenance, and for that portion of the General Manager’s insurance premium allocated to use of the vehicle for District business. The General Manager shall annually provide a copy of such insurance to the District. Any mileage incurred exceeding 150 miles roundtrip shall be reimbursed at the IRS mileage rate. In consideration of the vehicle allowance provided herein, the General Manager shall not be eligible for or entitled to any transportation allowance or stipend the District Board of Commissioners may authorize to be paid to other District employees.

(C) All taxable compensation paid to the General Manager shall be subject to income withholding taxes (Federal and State, as the case may be), and all other employment or payroll taxes as required by law with respect to compensation paid by the District to the General Manager.

(D) The General Manager agrees to accept the salary and benefits provided for herein as full and complete compensation for all services rendered to the District, subject to the receipt of such additional compensation as the District may from time to time authorize.

(E) The District shall conduct and complete an annual performance review no later than August 30th of each year during the term hereof. Concurrent therewith, the General Manager may receive a wage increase as agreed upon by the Parties up to five percent (5%) to the General Manager's then current base salary.

(F) The General Manager shall be reimbursed for all reasonable expenses incurred in the performance of duties for the District in accordance with the laws of the State of Washington and the policies of the District, except as those policies are modified by paragraph 2(D) hereof.

3. Benefits.

(A) The General Manager shall receive the compensation adjustments (e.g. CPI-U) and other benefits ordinarily and customarily provided to District employees according to resolutions adopted by the Board of Commissioners, unless such ordinary and customary benefits have been specifically added to or modified herein, in which case this Agreement controls.

(B) The General Manager shall be issued a District owned wireless communication device of a type and with a monthly plan provided to other District management personnel. The General Manager may use such device for personal communication to others, provided the General Manager shall reimburse the District all roaming and long distance charges incurred on personal calls and any and all overage charges for the month, regardless of the purpose of the calls for the month.

4. Vacation, Sick Leave, and Holidays

(A) The General Manager shall accrue twenty (24) paid vacation days annually; provided, the General Manager shall receive on a one-time basis on the Effective Date of this Agreement an additional forty (40) hours of vacation to be added to the General Manager's accrued and unused paid vacation days.

(B) The General Manager shall accrue twelve (12) sick leave days annually.

(C) The General Manager shall receive the same paid holidays as provided to all other District employees.

5. Professional Development.

The District agrees to budget and to pay the professional dues, tuitions, subscriptions, and conference and meeting expenses of the General Manager as approved by the Board of Commissioners and for his full participation in national, regional, state, and local associations and organizations necessary and desirable for his continued professional participation, growth, and advancement, and for the good of the District.

6. Civic Organizations.

The General Manager may apply to the Board of Commissioner for approval for membership in an identified civic organization that will provide benefit to and promote the purposes of the District, provided that no organization will be considered that discriminates in the determination of its membership on any basis or has any political and/or religious affiliation.

7. Termination — Severance Pay.

(A) The employment of General Manager under this Agreement may be terminated upon one or more of the following events:

(1) By General Manager's death; provided, that to the extent authorized by law, COBRA shall be available to the General Manger's spouse and dependents;

(2) Whenever Manager and District shall mutually agree to termination in writing;

(3) By a majority vote of the Board of Commissioners with or without just cause;

or

(4) Voluntary resignation by the General Manager at any time by giving no less than sixty (60) days written notice to the President of the Board of Commissioners of such termination, which notice requirement may be waived in whole or in part by the Board of Commissioners in its sole discretion; or

(5) Subject to the requirements of the Americans with Disabilities Act ("ADA") and other applicable federal and state statutes, at the District's option, if General Manager shall suffer a permanent disability. "Disability" means the General Manager's inability, through physical or mental illness or other cause, to perform the majority of General Manager's usual duties with or without reasonable accommodation. "Permanent" means disability which exists for a continuous period of at least six (6) months. The General Manager's salary and benefits shall not be reduced during the six (6) month period. District's option shall be exercised in writing and shall be effective upon delivery to the General Manager; provided the District shall be entitled to offset against the General Manager's salary payments during such six (6) month period for any sums actually received by the General Manager pursuant to the Washington Industrial Insurance Act, Title 51.

(6) The District shall have no obligation to pay the General Manager the severance pay set forth in subparagraph 7 (B) below for the termination of the General Manager's employment pursuant to subparagraphs 7 (A)(1), (2), (4) or (5) above. Payment of

the severance pay upon a termination falling under subparagraph 7 (A) (3) shall be governed by subparagraphs 7 (B) and (C) below.

(B) If the General Manager's employment under this Agreement is terminated by the District without 'just cause' on or before September 30, 2021, the General Manager shall receive nine (9) months' severance pay based upon the General Manager's base salary on the date of termination and begin COBRA for the General Manager's medical and dental coverage that will be paid for by the District for the nine (9) months following termination. As a precondition to payment of severance pay, the General Manager shall execute a Separation Agreement and Release releasing, indemnifying, and holding the District harmless from and against any claim, known, or unknown, in any way related to the General Manager's termination by the District.

(C) For purposes of this Agreement, "just cause" shall mean: (1) General Manager receives a conviction of, enters a plea of guilty to, or enters a plea of nolo contendere to a felony or misdemeanor involving fraud, embezzlement, theft, dishonesty, (2) General Manager receives a conviction of, enters a plea of guilty to, or enters a plea of nolo contendere to any criminal offense against the District; (3) failure of the General Manager to perform or observe any substantial or material lawful obligation of such employment; (4) failure to perform the General Manager duties in a professional, responsible manner consistent with generally accepted standards of the profession and/or or any material or substantial breach of this Agreement, either of which continues after written notice and a 30-day cure period, or which occurs within one (1) year following a prior written notice and cure opportunity under this subparagraph 8 (C)(4).

8. General Provisions.

(A) This Agreement for General Manager constitutes the entire agreement between the Parties.

(B) This Agreement shall be construed and interpreted in accordance with the laws of the State of Washington. If either Party resorts to litigation to enforce any provision of this Agreement, the prevailing Party shall be entitled to recover all legal costs incurred, including a reasonable attorney's fee.

(C) Except as specifically modified herein, all other terms and conditions of employment shall be governed by duly adopted District policies, including the District Employee Handbook, and as such policies and Employee Handbook may be modified and amended.

(D) Except with respect to the District's express reservation of right to modify and amend in its discretion District policies generally and the District Employee Handbook specifically, any modification of this Agreement or additional obligation assumed by either Party in connection with this Agreement shall be binding only if evidenced in writing and signed by both Parties.

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

(F) The Parties agree to treat each other with good faith and fair dealing with respect to each of the provisions contained in this Agreement.

(F) Entire Agreement and Comprehension: This Agreement shall constitute the entire agreement between the Parties, and any prior understandings or representations of any kind preceding the date of this Agreement shall not be binding upon either Party, unless expressly incorporated into this Agreement. The Parties further mutually covenant, agree and represent that the terms of this Agreement have been completely read by them and that the terms of this Agreement are fully understood, binding and voluntarily accepted by them. The Parties acknowledge and agree that this Agreement has been mutually negotiated by them and that both parties have had the opportunity to consult with counsel in connection with this Agreement. No presumption shall exist in favor of or against any party to this Agreement as a result of the drafting and preparation of this document.

(G) This Agreement shall supersede, rescind and replace the Employment Agreement (including the First Amendment and Second Amendment) effective October 1, 2016.

**SAMMAMISH PLATEAU WATER
AND SEWER DISTRICT**

John C. Krauss, General Manager

President, Board of Commissioners

**SAMMAMISH PLATEAU WATER & SEWER DISTRICT
KING COUNTY, WASHINGTON**

RESOLUTION NO. _____

RESOLUTION OF THE BOARD OF COMMISSIONERS OF SAMMAMISH PLATEAU WATER AND SEWER DISTRICT, KING COUNTY, WASHINGTON, AUTHORIZING AND APPROVING AN EMPLOYMENT AGREEMENT FOR THE DISTRICT GENERAL MANAGER.

WHEREAS, Sammamish Plateau Water and Sewer District (“District”) currently employs John C. Krauss (“Krauss” or “General Manager”) as the District’s General Manager pursuant to an employment agreement dated October 1, 2016 (“Employment Agreement”); and

WHEREAS, the District Board of Commissioners desires to amend the Employment Agreement to extend its term and to adjust the annual base salary of Krauss as provided in the Employment Agreement; and District staff and counsel have prepared an amendment to the Employment Agreement providing for the extension of the term of the Employment Agreement and the adjustment of the General Manager’s annual base salary in the form attached hereto as **Exhibit A** and incorporated herein by this reference (“Amendment”), and the District Board of Commissioners now desires to approve the Amendment; now, therefore,

BE IT RESOLVED, by the Board of Commissioners of Sammamish Plateau Water & Sewer District, King County, Washington, as follows:

1. The Amendment is hereby approved, and the President of the District Board of Commissioners is authorized and directed to execute the Employment Agreement on behalf of the District following the execution of the Amendment by the General Manager.
2. As set forth in the Amendment, the terms and conditions of the Amendment shall be effective October 1, 2016.

ADOPTED by the Board of Commissioners of Sammamish Plateau Water and Sewer District, King County, Washington, at a regular open public meeting held on the 27th day of February 2017.

***Individual Commissioner's
Vote on this Resolution:***

Approved: _____
Opposed: _____
Abstained: _____
Absent: _____

Karen Moran, President and Commissioner

Approved: _____
Opposed: _____
Abstained: _____
Absent: _____

Mahbubul Islam, Vice President and Commissioner

Approved: _____
Opposed: _____
Abstained: _____
Absent: _____

Mary Shustov, Secretary and Commissioner

Approved: _____
Opposed: _____
Abstained: _____
Absent: _____

Tom Harman, Commissioner

Approved: _____
Opposed: _____
Abstained: _____
Absent: _____

Lloyd Warren, Commissioner