

OLYMPUS TERRACE SEWER DISTRICT

MANAGER

EMPLOYMENT AGREEMENT

This employment agreement is entered into between Mr. Patrick Sorensen (hereinafter referred to as "Mr. Sorensen") and the Olympus Terrace Sewer District, Mukilteo, Washington (hereinafter referred to as "the District") to describe the terms and conditions of employment as General Manager of the Olympus Terrace Sewer District.

RECITALS

WHEREAS, the District has employed the services of Mr. Sorensen since September, 1997 and pursuant to a previous employment agreement and five addendums thereto, have continuously employed Mr. Sorensen as the General Manager; and

WHEREAS, the District desires to continue to employ Mr. Sorensen under this agreement which is intended to replace the September, 1997 agreement and each of the five addendums thereto; and

WHEREAS, Mr. Sorensen desires to accept the position and assume the responsibilities and perform the duties of Manager for the District; and

WHEREAS, the parties jointly desire to enter into this Employment Agreement to memorialize the terms and conditions of Mr. Sorensen's employment with the District.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual benefits to be derived the parties agree as follows:

Section 1. Appointment and Effective Date.

Mr. Sorensen was appointed Manager of the District for an indefinite term effective September 29, 1997. Pursuant to this agreement the District intends to continue said appointment.

Section 2. Duties.

Mr. Sorensen shall perform all duties required of the position of Manager of the District, and such other duties as are assigned from time to time by the Commissioners. Mr. Sorensen shall attend all regular and special meetings of the District

Commissioners, unless excused, and such other meetings as required by the Commission.

Section 3. Exclusive Employment.

Mr. Sorensen agrees to devote his full-time to the position of General Manager and shall not accept outside employment or perform other services for a fee during his tenure.

Section 4. Benefits.

All benefits applicable to District employees in general shall also be applicable to Mr. Sorensen, except as otherwise provided herein.

Section 5. Salary.

As compensation for services in the capacity as General Manager, Mr. Sorensen shall receive an annual salary of \$99,250.00, payable in installments at the same frequency as other District employees, effective July 1, 2005. Effective July 1, 2006 through June 30, 2007, the General Manager's salary shall be increased by the same COLA adjustment afforded the District employees in the adopted 2006 budget.

Section 6. Working Conditions.

The provisions of the District Personnel Manual shall be applicable to the employment of Mr. Sorensen, where not in conflict with the terms of this agreement or the Revised Code of Washington, provided, however, the District Personnel Manual shall not be considered a part of this Employment Agreement, and the Board of Commissioners reserves the right, in their sole discretion, to unilaterally change the terms of the District Personnel Manual without notice. Mr. Sorensen agrees that he shall not rely upon the District Personnel Manual as a term or condition of his employment with the District.

Section 7. Car Allowance.

During his term of employment as General Manager, the District shall pay Mr. Sorensen a car allowance in the sum of \$350 per month for use of his personal vehicle on District business. Said amount shall cover all expenses relating to use of Mr. Sorensen's personal vehicle except for mileage reimbursement for out-of-county travel. While Mr. Sorensen is using his personal vehicle on District business outside of Snohomish County, the District shall, in addition to the monthly car allowance, reimburse Mr. Sorensen at the then prevailing IRS mileage rate.

Section 8. General Expenses.

The District recognizes that certain job-related expenses will be incurred by Mr. Sorensen while on District business. The District agrees to reimburse Mr. Sorensen for such expenses reasonable and necessary to District business as permitted by Statute, District policy and budget.

Section 9. Involuntary Termination/Merger, Assumption or Consolidation.

A. Involuntary Termination.

The District reserves the right, in its sole, subjective discretion, to terminate this agreement and the services of Mr. Sorensen as General Manager at will. In the event the District decides to terminate this agreement and services of Mr. Sorensen, it will provide Mr. Sorensen a 30-day written notice of such termination. In the event such termination is for reasons other than commission of criminal act, Mr. Sorensen shall receive severance pay equivalent to 180 days of pay at the rate of pay in effect for Mr. Sorensen on the date of notice of termination. Said pay shall be in six (6) equal monthly installments. In such circumstances Mr. Sorensen and his legal dependents shall also be covered on the District's health insurance program at the District's expense for said 180 days or until such time as Mr. Sorensen secures other employment with medical insurance coverage, whichever occurs sooner. The severance pay shall include all benefits except vacation and sick leave accrual. Payment shall be made for all accrued vacation as of the actual date of termination. Should Mr. Sorensen voluntarily terminate his employment during the 30 day notification period, he shall be solely entitled to pay as to the last day worked, plus severance pay as previously described.

B. Merger, Assumption or Consolidation.

In the event Mr. Sorensen's employment as General Manager is terminated as a result of a merger, assumption or consolidation of OTSD with another utility district or city, and Mr. Sorensen is not hired by the entity in a similar capacity which takes over OTSD's operations, Mr. Sorensen may receive severance pay equivalent to 180 days of pay at the rate of pay in effect for Mr. Sorensen on the date of notice of termination, or at his election within 60 days of said offer, he may accept whatever position, if any, that may be offered by such merged, assumed or consolidated entity. If severance pay is elected, said pay shall be in six (6) equal monthly installments. In such circumstances where he elects severance pay, Mr. Sorensen and his legal dependents shall also be covered on the District's health insurance program at the District's expense for said 180 days or until such time as Mr. Sorensen secures other employment with medical insurance coverage, whichever occurs sooner. Should Mr. Sorensen receive employment by the entity which takes over OTSD's operations which provides a salary within ten percent (10%) of Mr. Sorensen's last salary held as General Manager, this paragraph shall not apply.

Section 10. Voluntary Termination.

In the event that Mr. Sorensen elects to voluntarily resign or retire, he shall give the District not less than sixty (60) days advance written notice. Failure to give such notice shall result in forfeiture of all accrued vacation benefits and Mr. Sorensen shall receive no cash-out of the same. In the event of a voluntary termination by Mr. Sorensen, there shall be no severance pay or insurance benefits referenced in Section 9 above.

Section 11. Vacation Leave/Administrative Leave.

Mr. Sorensen will be allocated fifteen (15) days vacation annually. The District Commissioners will review the amount of annual vacation allocated to Mr. Sorensen annually for increases over the standard vacation leave granted other employees. In addition to the vacation leave benefit, Mr. Sorensen shall receive ten (10) days of paid administrative leave per contract year. Said administrative leave must be used by the end of each contract year. Any paid administrative leave which is not used during the contract year shall be forfeited and may not be carried over into the next contract year. There shall be no cash out of unused paid administrative leave days.

Section 12. Professional Membership.

The District agrees to pay the professional dues and subscriptions necessary for Mr. Sorensen to participate in National, Regional, State, and Local associations and organizations necessary and desirable for his continued professional participation, growth and advancement, and the good of the District. Such dues will include but are not limited to the annual ICMA dues and Washington City Managers Association dues.

Section 13. Performance Evaluations.

The District Commissioners will evaluate Mr. Sorensen's performance annually, in May of each year. The District Commissioners, in consultation with the Manager, shall determine the method for Mr. Sorensen's annual performance review. The failure of the Commissioners to conduct an annual performance review shall not be a basis for any claims by Mr. Sorensen against the District.

Section 14. Term.

Subject to the provisions of Sections 9 and 10, the term of this agreement shall be for two years, commencing July 1, 2005 and terminating June 30, 2007.

Section 15. Entire Agreement.

This agreement contains the entire understanding between the two parties and it shall not be modified by any oral understanding inconsistent with the terms and conditions herein. This contract

can be modified by written addendum agreed to by the parties.

IN WITNESS WHEREOF, and in agreement to the terms and conditions contained herein, the parties have affixed their signatures on the dates indicated.

Dated this ___ day of ____, 2005.

Dated this ___ day of ____, 2005.

Mr. Patrick Sorensen

David Zabell
President Board of Commissioners
Olympus Terrace Sewer District

Approved as to form:

By: _____
Grant K. Weed
Attorney for the District

Approved by motion of the Olympus Terrace Sewer District
Commissioners on the _____ day of _____, 2005.