

SALEM CITY MANAGER EMPLOYMENT AGREEMENT

This **AGREEMENT** entered into by the City of Salem, an Oregon municipal corporation (“Employer” or “City”), acting through the City Council of the City of Salem as its duly constituted governing body, and Keith Stahley (Employee).

RECITALS:

- (1) Employer desires to secure and retain the services of Employee as City Manager, as provided by the Salem City Charter.
- (2) Employee desires to accept employment as City Manager upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

Section 1: Term

- (a) This Agreement shall become effective on the date last signed by both parties, and shall continue in full force and effect until terminated as provided herein (“Effective Date”).
- (b) Employee holds office at the pleasure of the City Council (“Council”), and nothing in this Agreement shall prevent, limit or otherwise interfere with the right of the Council to terminate the services of Employee at any time, and for any reason that Council, in its sole discretion, shall deem appropriate and sufficient, subject only to Sections 13 and 14 of this Agreement.
- (c) Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of Employee to resign at any time employment with the City, subject only to Sections 13 and 14 of this Agreement.

Section 2: Duties and Authority

Employer hereby agrees to retain Employee to serve as, and perform the functions and duties of, Salem City Manager, as specified in the City Charter and Salem Revised Code, and to perform other legally permissible and proper duties and functions as the Council shall from time to time assign, which shall include serving as the Executive Director of the Urban Renewal Agency of the City of Salem, and Executive Director of the Housing Authority of the City of Salem.

Section 3: Compensation

- (a) Employee shall be paid for services rendered an annual base salary of \$240,000 payable in installments according to the same schedule as other employees of Employer.
- (b) Employee shall receive an annual cost of living salary adjustment in the same percentage as may be provided to Employer's Department Directors through Employer's annual budget approval process. Nothing herein guarantees a cost of living salary adjustment, which is dependent upon availability of funds in the discretion of the City Council through approval of the Employer's annual budget.
- (c) Employee may also receive an annual salary adjustment in an amount up to five percent (5%) based upon a satisfactory annual performance review pursuant to Council Policy A-6.
- (d) Relocation Reimbursement. Employer agrees to reimburse Employee's reasonable moving and relocation expenses including the costs of temporary housing in an amount not to exceed \$20,000 (This amount is provisional and may be modified pending further information from Employee prior to execution of this Agreement). This amount will be paid upon Employee's submission to Employer receipts for costs incurred.

Employee acknowledges that this payment may be included in Employee's gross income as wages and treated by Employer as taxable wages subject to withholding of all applicable taxes unless the expenses meet the Accountable Plans rules found in IRS Publication 521 (2018).

Section 4: Administrative, Vacation and Sick Leave.

- (a) Employee shall accrue, and shall be credited, administrative, vacation and sick leave at the same rates as Employer's Department Directors (See, HR Rules, section 12 - [HUMAN RESOURCES RULES \(cityofsalem.net\)](http://cityofsalem.net)).
- (b) Employee shall accrue, and shall be credited with 160 hours vacation leave and 160 hours sick leave upon commencement of employment.

Section 5: Health, Disability and Life Insurance

- (a) Employee and their dependents shall have access to the same medical, dental and vision insurance benefits on the same terms as are provided to Employer's Department Directors ([New Employee Resources | Salem, Oregon \(cityofsalem.net\)](http://cityofsalem.net)).

- (b) Employer shall provide, and make required premium payments for, the same long-term disability and life insurance coverage for Employee on the same terms as are provided to Employer's Department Directors.
- (c) Upon resignation from employment, Employee may, at Employee's sole expense, purchase monthly coverage for Employee and dependents at the group rate in Employer's group insurance benefits program until such time as Employee is eligible for Medicare, or such time as Employee secures other employment with benefits equivalent to Employer's group insurance benefits.
- (d) Upon resignation from employment, Employee shall be considered a retiree and qualify for Employer's group insurance benefits as provided by State law. For purposes of this paragraph "Employer's group insurance benefits" means group health, dental and vision insurance benefits offered by Employer to its Department Directors.

Section 6: Deferred Compensation and Retirement

- (a) In addition to the base salary, Employer shall set aside annually as deferred compensation an amount equal to six percent (6%) of Employee's annual base salary to be paid into Employee's deferred compensation account established by Employer. To be eligible for deferred compensation pursuant to this section, Employee shall complete an enrollment agreement as required by the Deferred Compensation Plan.
- (b) Employer participates in the Oregon Public Employees Retirement System (PERS). Employer shall make Employee's six percent (6%) contribution to PERS on behalf of Employee as provided by State law. Employee acknowledges that PERS is established and administered by the state of Oregon, which is solely responsible for determining the rate and amount of benefit provided under PERS.

Section 7: Automobile Allowance

Employee's duties require use of an automobile for city business. In recognition of this, Employer agrees to compensate Employee for use of a private automobile at the rate of \$500 per month.

Section 8: Hours of Work

The parties acknowledge that Employee must devote time outside of standard hours of work to business of the Employer; therefore, the parties agree that Employee may take compensatory time off during standard hours of work, as Employee shall deem appropriate, subject to the needs of Employer.

Section 9: Dues and Subscriptions

Employer shall pay for the professional dues and subscriptions of Employee necessary for Employee's continued and full participation in national, regional, state and local associations and organizations necessary and desirable for Employee's continued professional participation, growth and advancement, and for the good of Employer, as approved by the Council through Employer's budget.

Section 10: Professional Development

Employer will pay or reimburse Employee's reasonable business, travel, lodging, and meal expenses for professional development and official Employer travel of Employee as provided in Employer's Administrative Policy and Procedure (APP) 3.12 – Reimbursable Business Related Travel Expenses, including but not limited to the annual conferences of the International City/County Management Association, Oregon City/County Manager's Association, and the League of Oregon Cities.

Section 11: Civic Club Membership

Employer recognizes the desirability of Employee's representation of Employer in local civil clubs and other similar organizations. Employer shall pay or reimburse Employee's membership dues for up to three civic clubs or similar organizations.

Section 12: Performance Evaluation

The Council shall strive to conduct annual performance evaluations of Employee. The evaluation forms, criteria and format shall be established by the Council, subject to the requirements of state law. Employee shall have the option to conduct the review of evaluation with Council in public session or executive session of Council, as provided in state law. Prior to reviewing the evaluation with Employee, Employee shall be provided a written summary of the performance evaluation findings and provided adequate opportunity for review prior to the evaluation review session.

Section 13: Termination

- (a) Council may by majority vote terminate Employee's employment with or without cause, subject to Section 14 of this Agreement.
- (b) Employee may resign employment at any time, upon providing Employer a minimum of 60 days notice.

Section 14: Severance

(a) Except as set forth in subsection (c) of this section, if Employer terminates Employee's employment, Employee shall receive the following payments as severance benefits upon termination;

(1) A lump sum severance payment equal to six (6) months base salary at Employee's then-current rate of pay, plus an additional lump sum payment of the equivalent of one month's base salary for each year of employment as City Manager, up to a maximum lump sum severance payment under this section equivalent to twelve (12) months base salary;

(2) Employer shall also pay into the Public Employees Retirement System (PERS) an amount equal to Employee's six (6) percent contribution that would have been made on behalf of Employee for the total base salary severance amount;

(3) Employer shall also make a lump sum contribution to Employee's deferred compensation account or accounts an amount equal to the payment that would have been made on behalf of Employee for the total base salary severance amount; and

(4) Employer shall pay the cost to continue health insurance for Employee and Employee's dependents (if applicable), life insurance and long-term disability insurance for the equivalent number of months of base pay provided as severance pursuant to section 14(a)(1) of this Agreement, up to a total of six (6) months.

(b) For purposes of determining eligibility for severance benefits under this Agreement, Employee shall be eligible for severance benefits as specified in subsection (a) of this Section, if Employee resigns upon the occurrence of any of the following;

(1) The Salem City Charter is amended such that the role, powers, duties, authority, or responsibilities of the City Manager are materially changed;

(2) Council reduces the base salary, compensation or any other financial benefit of Employee, unless the reduction is part of a general reduction of such benefits applicable to all Employer's Department Directors, and such reduction is no greater than the average percentage reduction in such benefits for all Employer's Department Directors;

(3) If Employee resigns following a request to tender resignation, oral or written, made by a duly authorized representative of a majority of the Council;

(c) Employee is not eligible for severance benefits specified in subsection (a) of this Section if Employee voluntarily resigns employment for a reason not specified in subsection (b)

of this Section, or Employee is terminated upon the arrest or conviction for a felony, or a misdemeanor involving violence, fraud, dishonesty, coercion, sexual misconduct, or the unlawful manufacture or delivery of a controlled substance, or upon a finding by Council that Employee engaged in malfeasance in office or willful or wanton neglect of duty. "Malfeasance in office or willful or wanton neglect of duty" includes, but is not limited to; criminal conduct; acts of moral turpitude; violation of Employer's Human Resources Rules and policies relating to discrimination or harassment; refusal to follow lawful directives by Council; gross abuse of authority; gross misuse of funds or property belonging to Employer; or dishonesty in carrying out the responsibilities of Employee's position.

- (d) As a condition of acceptance of the severance benefits provided in this Section, Employee shall sign a global waiver and release of any and all employment related claims against Employer, its officers, employees, or agents, whether arising under tort or contract that have accrued at the time of termination or may accrue in the future.

Section 15: Indemnification

- (a) Employer is obligated by ORS 30.285 and 30.287 to indemnify and defend Employee from and against claims brought against Employee that fall within the scope of the Oregon Tort Claims Act, ORS 30.260 to 30.300, and Employer shall fully comply with such legal requirements as are applicable at the time of any demand by Employee for indemnity or defense thereunder.
- (b) The Employee may request, and the Employer shall not unreasonably refuse to provide or to withhold approval of, independent legal representation at Employer's expense. Legal representation shall extend until final determination of the claim, including any appeals. Employer shall indemnify Employee against any and all losses, damages, judgments, interest, settlements, fines, court costs, other reasonable costs and expenses of the claim, including attorney fees, and any other liabilities incurred by imposed upon, or suffered by Employee in connection with or resulting from the claim.
- (c) Employer agrees to pay all reasonable litigation expense of Employee throughout the pendency of any litigation to which Employee is a part, or acts as a witness or advisor to Employer. Such expense payment shall continue beyond Employee's service to Employer as long as litigation is pending. Employer agrees to pay Employee reasonable travel expenses when Employee acts as a witness, advisor or consultant to Employer regarding pending litigation.
- (d) Settlement of any claim against Employee shall be made with prior approval of Employer in order for indemnification, as provided in this section, to be available to

Employee. Employee recognizes that Employer has the right to compromise and settle any dispute, and unless the settlement or compromise would result in judgment or order which personally binds Employee, in which case Employee shall have a veto authority over the compromise or settlement.

Section 16: Dispute Resolution and Arbitration Attorney Fees.

The Parties agree that any proceeding for enforcement of this Agreement shall be resolved in final and binding arbitration before a single arbitrator in accordance with the rules of the Arbitration Service of Portland, unless the Parties agree in writing to use a different arbitration service. The party bringing the claim must make a demand for arbitration within the applicable statutory limitations period. The prevailing party in any proceeding for breach or enforcement of this Agreement shall be awarded that party's reasonable attorney fees and arbitration costs incurred in the proceeding. This provision is governed by the Federal Arbitration Act.

Section 17: Bonding.

Employer shall bear the full cost of any fidelity or other bonds obtained by Employee that are required by law.

Section 18: Other Terms and Conditions of Employment

- (a) Council in consultation with Employee may agree to other terms and conditions of employment, as may be necessary and proper from time to time, relating to the performance of Employee, provided such terms and conditions are not inconsistent with or in conflict with the provisions of this Agreement, the Salem City Charter or law. Any such agreement shall be in writing, and executed with the same formalities as this Agreement.
- (b) All provisions of the Salem City Charter, the Salem Revised Code and Human Resource Rules of Employer as they now exist or hereafter may be modified, that apply to the Employer's Department Directors shall also apply to Employee, except as specifically modified herein.

Section 19: General Provisions

- (a) The text herein shall constitute the entire agreement between the parties.
- (b) This Agreement shall be construed consistent with the laws of the state of Oregon, the Salem City Charter and the Salem Revised Code. The Parties agree that venue for any action brought under this Agreement or arising under conduct related to this Agreement shall be Salem, Marion County, Oregon.
- (c) This Agreement shall be binding upon and inure to the benefit of the Employee's heirs at law and executors.

(d) As provided by the City Charter, this Agreement is for an indefinite term. If any provision, or any portion thereof, contained in this Agreement is held unconstitutional, invalid or unenforceable, the remainder of this Agreement, or portion thereof, shall be deemed severable, shall not be affected and shall remain in full force and effect.

Employee:

Date: _____

Employer:

Date: _____