

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE:	Approval of Contract Amendment to City Manager's Employment Contract
DEPARTMENT:	City Council
PRESENTED BY:	Robert Olander, City Manager Ian Sievers, City Attorney

ISSUE STATEMENT:

The City Council negotiated and approved an employment contract with City Manager Robert Olander in March 2006. This contract was amended in November 2007 to increase total compensation to an amount paid by comparable cities.

Mr. Olander's 2006 contract was largely modeled after a form reflecting the fact that many city managers, and former Shoreline city managers in particular, are not active in the State retirement plans. State retirement statutes exempt the City Manager position from mandatory membership although they may elect to participate. RCW 41.40.023(17).

As a result, the Shoreline Manager's contract provides that a portion of the retirement benefit is paid in the form of a Section 457 Deferred Compensation Plan employer contribution. This payment is currently \$833 monthly.

However, Mr. Olander, is a participant in the State's PERS I retirement plan. Mr. Olander has determined that the deferred compensation payment would have a higher personal retirement value as an addition to base salary and has requested that the employment contract be amended to reassign this payment. A contract amendment making this change to Sections 3 A and 3D of the contract is attached. There is no other change and the balance of the contract will remain in effect.

FINANCIAL IMPACT:

The proposed amendment does not change the amount of total compensation to the City Manager. The \$833 monthly 457 deferred compensation payment will be discontinued, and \$833 per month will be added to base salary. As part of base salary the City Manager may make a voluntarily election to the City's deferred compensation retirement plan up to federal limits for deferral. Reclassifying this payment will have a minimal cost to the City consisting of a percentage of the increase for City contributions to employee benefits that are based on salary but not assessed on the current nonelective deferred compensation payment. These are contributions for Medicare

(1.45%), the Social Security replacement account (6.2%), and the PERS 1 employer contribution (8.31%).

RECOMMENDATION

Approve the proposed Second Amendment to Employment Agreement Between City of Shoreline and Robert Olander.

Approved By: City Manager  City Attorney ____

Attachments: Second Amendment to Employment Agreement Between City of Shoreline and Robert L. Olander.

**SECOND AMENDMENT TO
EMPLOYMENT AGREEMENT BETWEEN THE CITY OF SHORELINE,
WASHINGTON AND ROBERT L. OLANDER**

(Original Contract NO. 3787)

WHEREAS, an employment agreement was entered into by and between the City of Shoreline, Washington and Robert L. Olander on March 28, 2006 and amended November 26, 2007 (collectively the "Agreement"); and

WHEREAS, the parties further desire to further amend the agreement to change the method of paying total compensation while maintaining the level of compensation of the current agreement; now therefore

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

1. Adjustment to compensation payments. The Employer contribution of Eight Hundred Thirty-three Dollars (\$833.00) monthly to the Employee's 457 Deferred Compensation Plan under Section 3D of the Agreement will be discontinued on the effective date of this amendment, and the Base Annual Salary payable under Section 3A of the Agreement will be increased by Eight Hundred Thirty-three Dollars (\$833.00) per month payable on the city's regular payroll schedule.
2. Terms and Conditions of Existing Agreement Remain the Same. The parties agree that, except as specifically provided in this amendment, the terms and conditions of the existing Agreement continue in full force and effect.
3. Effective Date. This amendment shall take effect at the beginning of the first full City payroll period following execution by both parties.

IN WITNESS THEREOF the City of Shoreline has caused this Agreement to be signed and executed in its behalf by its Mayor, and the City Manager has signed and executed this Agreement, dated this _____ day of _____, 2008.

Cindy Ryu
Mayor

Robert L. Olander
City Manager

Approved as to form:

Ian Sievers, City Attorney

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