

Employment Agreement
Between the City of Des Moines and Katherine Caffrey
For Employment as City Manager

This Employment Agreement (“Agreement”) is made and entered into by and between the City of Des Moines, Washington, a municipal corporation, hereinafter called “Employer” or “City Council,” and Katherine Caffrey, hereinafter called “Employee” or “City Manager.” Collectively, the Employer and Employee shall be called “parties.”

Section 1. Employment, Powers and Duties, and Term.

(A) The City Council hereby employs Katherine Caffrey as City Manager of the City of Des Moines, to perform the functions and duties set forth in the Des Moines Municipal Code (DMMC), RCW 35A.13.080, and such other legally permissible and proper duties and functions as the City Council shall, from time to time, direct or assign. The City Council acknowledges the business principles and legal provisions under the Council-Manager form of government, and agrees to direct its concerns and requests for action to the City Manager. The City Manager recognizes that the City Council is the policy making body and agrees to respond promptly and equally to all members of the City Council regarding their concerns.

(B) The City Manager shall focus their professional time, ability, and attention to the City’s business during the term of this Agreement. The City Manager shall not spend time performing non-Employer connected business activities that are competitive or in conflict with their duties as the City Manager. In those cases where outside activities, for example, consulting, teaching, or other business opportunities are not in conflict with their duties and are not competitive to the interests of the City, the City Manager will request the express prior written consent of the City Council. The City Council has the sole authority to approve or deny a request under this Section.

(C) Before entering upon the duties of their office, the City Manager shall take an oath for the faithful performance of their duties and shall execute and file with the City Clerk a bond in favor of the City in the amount required by law. The premium on such bond shall be paid by the City.

(D) This Agreement and appointment shall become effective November 1, 2024 and shall be for an indefinite term subject to RCW 35A.13.130 and Section 7 of this Agreement. The City Manager is an “at-will” employee serving at the pleasure of the Employer, acting through the City Council, and subject to summary dismissal without any right of notice or hearing. Except as provided in Section 7 below, the City may terminate the employment of the City Manager at any time, with or without cause, upon compliance with RCW 35A.13.130 and the provisions set forth in Section 7 of this Agreement.

(E) If City Manager determines to terminate this Agreement, they shall be required to give a minimum of sixty (60) days’ advance written notice to the City Council

City Manager Employment Agreement
Page 2

prior to the effective date of their termination, unless a shorter period is acceptable to the City Council, and the City Manager shall not be eligible for severance compensation in the event of their voluntary resignation.

Section 2. Compensation.

(A) Employee shall receive an initial annual base salary (\$245,000.00) of Range M-49 on the 2024 City Manager pay plan. The Employee shall be eligible for merit increases in salary, subject to the approval of the City Council and contingent upon satisfactory performance as determined by the City Council during their annual performance review in accordance with the process prescribed in Section 5. Performance Evaluation.

(B) Beginning January 1, 2027, City Manager shall receive consideration for general pay increases as otherwise provided to non-represented City employees, effective January 1 of each year subject to budget constraints. Upon execution of this agreement, the City Manager shall accept equivalent wage and benefit concessions, such as furloughs, as any that are implemented for non-represented employees. Cost of living adjustments and any such concessions will be administratively applied without the necessity of modifying this agreement.

Section 3. Employment Benefits.

(A) Except as otherwise provided in this Agreement, the City Manager is granted employment benefits in accordance with the Personnel Manual of the City, as presently constituted or as may be subsequently amended.

(B) The City shall provide medical, dental, and vision coverage with the same premium share percentage paid by Employee as non-represented employees as well as the applicable health reimbursement plan based on the Employee's health coverage election. The City will provide the same fringe benefits provided to non-represented employees, such as basic term life insurance, long term disability insurance, and survivor life benefit insurance coverage provided to non-represented employees.

(C) In recognition of the Employee's public service, the Employee shall accrue an amount of vacation leave at the rate of ten (10) hours per month, which is commensurate to six (6) years of service on the City's vacation accrual schedule. Employee shall be eligible for an increase in the vacation accrual rate in accordance to the vacation accrual schedule in Personnel Manual.

(D) Upon hire the Employee shall receive a front-load vacation leave balance of eighty (80) hours.

City Manager Employment Agreement

Page 3

- a. If the Employee leaves the City for any reason prior to twelve (12) months of service at the City, the City is to be reimbursed the value of eighty (80) vacation hours (or forfeit an equivalent number of unused hours). No minimum waiting period is necessary to use these eighty (80) vacation hours.
- b. Employee may cash in up to eighty (80) hours of vacation annually: forty (40) hours of vacation of each December to be paid on the second payday in December and forty (40) hours of vacation each June to be paid on the second payday in June.

(E) The parties recognize that the City Manager must devote a great deal of time outside normal office hours on business for the City. The parties recognize that City Manager is exempt from the provisions relating to overtime payment and compensatory time under the Fair Labor Standards Act, and is therefore not entitled to formal accumulation of compensation time for hours worked in excess of the normal work day or work week. However, based on the recognition that the City Manager is required to attend meetings and perform duties outside normal working hours, an additional thirty-two (32) hours of executive leave time shall be added to their executive leave balance per calendar year. Effective January 1, 2025, the employee shall accrue (1.333) hours of executive leave per pay period for a maximum of thirty-two (32) hours per calendar year.

(F) In lieu of participation in the Social Security System, Employee and Employer will make contributions to Social Security replacement retirement accounts, as provided to eligible non-represented employees pursuant to Sections 401(a) of the Internal Revenue Code. Effective November 1, 2027, the Employee shall also be eligible for Employer contributions, as provided to eligible non-represented employees, pursuant to Section 457 of the Internal Revenue Code.

(G) The Employer will make the following flat dollar amount contributions to the Employee's 457(b) Deferred Compensation Plan (457(b) Plan) pursuant to Sections 457 of the Internal Revenue Code:

Upon hire-Twelve thousand (\$12,000) dollars
November 1, 2025-Nine thousand (\$9,000) dollars
November 1, 2026-Six thousand (\$6,000) dollars

(H) Employee shall be covered by the State of Washington PERS 2 or PERS 3 retirement system depending on their election. Employer shall contribute the Employer's share and Employee shall contribute the Employee's share of contributions to PERS 2 or 3 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.

City Manager Employment Agreement

Page 4

(I) Recognizing the travel and telecommunications costs Employee will be incurring using their own vehicle and cellular phone in the performance of their duties, they will be paid a transportation and telecommunications allowance totaling six hundred (\$600.00) per month, to be paid in two (\$300.00) increments on their semi-monthly paycheck, subject to lawfully required withholdings.

(J) The City Council fully supports Employee's professional development and Employer shall pay the fee for Employee's membership in the International City/county Management Association and the Washington City/County Management Association, and reasonable registration and expenses for other ongoing professional training, classes, licensing requirements or professional development conferences as provided in the City budget and consistent with City Policy.

Section 4. Residence and Relocation and Temporary Housing Assistance.

(A) Employee may reside outside of the corporate city limits during the duration of this agreement.

(B) The City shall provide the Employee with a one-time lump sum payment for moving and temporary housing expenses in the amount of thirty-eight thousand (\$38,000.00) dollars to cover reasonable and necessary expenses as a result of their relocation to Washington state. Any employee tax liability on all City provided benefits for Employee's relocation shall be paid by Employee. If employment is less than two (2) years due to Employee voluntarily resigning without a request from the Employer, or Employee is terminated with cause, then these expenses shall be prorated on a per year basis and repaid to the City by Employee upon departure from City employment.

Section 5. Performance Evaluation.

(A) The City Council shall review and evaluate the performance of the Employee quarterly for the first year of employment. After the first year, performance evaluations will occur at least twice (2x) annually, unless otherwise mutually agreed by the City Council and the Employee. Said review and evaluation shall be in accordance with job performance criteria developed by the City Council, and in accordance with Des Moines Municipal Code 2.04.050.

(B) The City Council shall define goals and performance objectives, which they determine necessary for the proper operation of the City, and in the attainment of the Council's policy objectives, and shall further establish a relative priority among those various objectives. The City Council will provide written performance evaluations to the Employee, which will provide an adequate opportunity for the Employee to discuss the evaluation with the City Council.

(C) The Employees anniversary date for the purpose of the annual performance evaluation shall be November 1.

City Manager Employment Agreement
Page 5

Section 6. Indemnification.

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

Section 7. Termination and Severance.

- (A) In the event that the Employee is terminated or requested by the Employer to resign for the convenience of the City of Des Moines, the Employer shall provide a minimum of thirty (30) days' notice. Employer shall additionally compensate Employee for all earned vacation balances in effect on the date of termination or resignation of the Employee, with no further vacation or sick leave accrual. The Employer shall be authorized to perform any deductions required by law.
- (B) Any termination action taken by the Employer shall be subject to the notice period required by 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 months' severance compensations listed below. 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.
- a. In the event the Employee is terminated without cause or requested by the Employer to resign for the convenience of the City of Des Moines, prior to twelve (12) months of satisfactory performance, the Employer shall provide severance compensation in the amount of four (4) 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 or resignation, and the Employer shall also provide the total cash value of the health care benefits in effect at the time of termination equal to the amount of severance compensation months.

City Manager Employment Agreement

Page 6

- b. In the event the Employee is terminated or requested by the Employer to resign for the convenience of the City of Des Moines, after twelve (12) months of satisfactory performance, the 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 or resignation, and the Employer shall also provide the total cash value of the health care benefits in effect at the time of termination equal to the amount of severance compensation months.
- (C) Severance compensation will increase by one (1) month per year of satisfactory service, to a maximum of twelve (12) 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 or resignation, and the Employer shall also provide the total cash value of the health care benefits in effect at the time of termination equal to the amount of severance compensation months.
- (D) Failure of the Employer to correct a material breach of this 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.
- (E) In the event the City Manager is terminated for "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. For the purposes of this Agreement "cause" for termination shall include, but not be limited to, the commission of any one of the offenses calling for immediate discharge under Section 8(A)(1) of the Personnel Manual as presently constituted or as may be subsequently amended (including any change in section numbering).

Section 8. General Provisions.

- (A) In addition to the rights and benefits detailed herein, the City Manager shall receive all benefits accruing to the department directors of the City of Des Moines, 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 Des Moines.

City Manager Employment Agreement
Page 7

(E) Any amendment, alteration, extension, or modification of this Agreement shall be in writing, signed by the parties hereto, approved in the affirmative vote of the City Council with the written consent of City Manager.

(F) 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.

IN WITNESS WHEREOF, and to signify agreement to the terms and conditions of this Agreement, the parties have affixed their signatures on the dates indicated.

Dated this 13th day of September, 2024.

Dated this 13th day of September, 2024.

CITY OF DES MOINES:

EMPLOYEE:

Signed by:

0E6A2604B08647D... 9/13/2024

DocuSigned by:

782985A93C53452... 9/13/2024

Traci Buxton, Mayor
(At the direction of the City Council of the City of Des Moines taken at an open public meeting on September 12, 2024.)

Katherine Caffrey, City Manager

Approved as to form:

Attest:

Signed by:

DD1785827E3C483... 9/13/2024
Matthew Hutchins, Acting City Attorney

DocuSigned by:

59EF7688979543F... 9/13/2024
Taria Keane, City Clerk

**CITY MANAGER EMPLOYMENT AGREEMENT
ADDENDUM #1**

THIS ADDENDUM is entered into on this 29.00 day of January 2025, to correct and clarify the Employment Agreement entered into on the 13th day of September, 2024, between the **CITY OF DES MOINES, WASHINGTON** (hereinafter "City"), and **KATHERINE CAFFREY**.

WHEREAS, during the negotiation of the Employment Agreement dated September 13, 2024, the parties exchanged several versions of the Agreement, and

WHEREAS, the parties agreed to language regarding sick leave accrual and payments upon separation that was inadvertently omitted from the final draft, and

WHEREAS, in order to accurately reflect the terms agreed upon by the parties, this Addendum #1 is being incorporated into the existing Employment Agreement, now therefore,

The parties herein agree that the Employment Agreement dated September 13, 2024 shall remain in full force and effect, except the following language is added to Section 3.

1) **SECTION 3 (K):**

Employee shall accrue sick leave at a rate of eight (8) hours per month. Upon separating employment with the City, Employee shall receive a lump sum payment equal to twenty-five percent (25%) of the value of her sick leave balance or two-hundred (200) hundred hours, whichever is less. If upon said separation of employment Employee has at least twenty (20) years of service, Employee shall receive a lump sum payment equal to fifty percent (50%) of the value of her sick leave balance or four-hundred (400) hours, whichever is less. As a tax savings, Employee may request the value of her cash-out be contributed to an HRA-VEBA.

Except as modified hereby, all other terms and conditions of the Employment Agreement remain in full force and effect. The effective date of this Addendum is the date of the last signature below.

IN WITNESS WHEREOF, and to signify agreement to the terms and conditions of this Addendum to the Employment Agreement, the parties have affixed their signatures on the dates indicated.

Dated this 30.00 day of January 2025.

Dated this 29.00 day of January 2025.

Signed by: 

0E6A2604B08647D...
Traci Buxton
Mayor

Signed by: 

DBE7A3959F55419...
Katherine Caffrey
City Manager

Signed by: 

DBE7A3959F55419...
Katherine Caffrey
City Manager

Approved as to Form:

Signed by:

Tim George

1/30/2025

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Timothy A. George
City Attorney