

**CITY MANAGER EMPLOYMENT AGREEMENT
CITY OF WATERTOWN**

THIS AGREEMENT is made this ___ day of June, by and between the CITY OF WATERTOWN, a South Dakota municipal corporation ("Employer") also referred to as "City", and _____ ("Employee").

The parties agree as follows:

1. **POSITION.** Employer agrees to employ Employee as the City Manager for the City of Watertown. Employee agrees to serve as City Manager in accordance with the City of Watertown Home Rule Charter, City ordinances, and state statutes and to perform such other legally permissible and proper duties and functions as the City Council shall from time-to-time assign.
2. **RESIDENCY.** Employer requires the Employee to reside within Watertown city limits while under contract and may reside outside the city limits only with the approval of the City Council.
3. **PENSION PLAN.** Employer shall contribute to South Dakota Retirement System as required by State law for Employee. Employee contributes six (6) percent Employer matches with a six (6) percent contribution.
4. **SALARY.** Employer shall pay Employee at Grade 205 Step 5 of the City's wage matrix which results in a starting salary of \$183,830.40 per year. Employee's start date is June 24, 2025 with benefits starting July 1, 2025. Employer and Employee agree that an initial performance review will be conducted on Employee by December 31, 2025, and annually thereafter. The Employer agrees to consider an increase in compensation to the Employee dependent upon the results of the performance evaluation. If applicable, an annual cost-of-living increase will also be provided, which is not performance based.
5. **PERFORMANCE EVALUATION.**
 - 5.1 The City Council ("Council") as the direct supervisor of the City Manager, shall conduct a review of the performance of the City Manager at least annually. Performance review and evaluation shall be in accordance with specific criteria developed by the Council following consultation with the City Manager and Human Resources Director. Criteria may be revised as the Council may from time to time determine, following consultation with the City Manager and Human Resources Director. The Mayor, or Mayor's designee, shall provide the City Manager with a written summary of the Council's evaluation following the City Manager's performance review and shall provide adequate opportunity for the City Manager to discuss the performance evaluation with the City Council to allow for mutual understanding of improvement areas and direction by the City Council to the City Manager.
 - 5.2 At least once per year, the Council and the City Manager shall jointly define goals and key performance indicators necessary for the effective operation of the City of Watertown and for achieving the Council's policy objectives. They shall also establish the relative priority of these goals and objectives. All goals and objectives must be achievable within reasonably specified timeframes and within the limits of the City's annual operating and capital budgets and appropriations. In carrying out this section, the Council and the City Manager agree to comply with all applicable laws.
6. **NO REDUCTION OF BENEFITS.** The Employer shall not reduce the Employee's salary, compensation, or other financial benefits at any time during the term of this agreement, except in the event of a uniform reduction applied to all employees of the City.
7. **SICK LEAVE.** Employee shall accrue sick leave at the rate of eight (8) hours per month of employment not to exceed ninety-six (96) hours per year. Sick leave accrues on the fifteenth (15th) of each month and cannot be taken prior to accrual.

8. **VACATION LEAVE.** Effective upon Employee's first day of employment, Employee shall be credited with 40 hours of accrued vacation leave. In addition, Employee shall accrue vacation leave at a rate of 10 hours per month on the fifteenth (15th) day of each month in accordance with the following schedule and cannot be taken until accrued. Employee is not restricted on use of vacation leave during Employee's probationary period.

Years 1 through 5	120 hours
Years 6 through 10	160 hours
Years 11 through 15	200 hours
Years 16 and beyond	240 hours

9. **HOLIDAYS.** Employer shall provide Employee the same holidays as enjoyed by other non-union employees. The recognized and official paid holidays shall be: New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Memorial Day, Juneteenth, Independence Day, Labor Day, Native American Day, Veteran's Day, Thanksgiving Day, Friday after Thanksgiving Day, Christmas Eve, and Christmas Day.
10. **INSURANCE.** Employer shall provide Employee the same group medical, dental, vision, life and disability insurance benefits as provided to all other non-union employees.
11. **DUES AND SUBSCRIPTIONS.** Employer shall budget and pay the professional dues and subscriptions for Employee that are deemed reasonable and necessary for Employee's full participation in national, regional, state, and local associations necessary and desirable for Employee's professional participation, growth, advancement, and for the good of the City of Watertown.
12. **PROFESSIONAL DEVELOPMENT.** Subject to budget limitations and Council approval, the Employer agrees to cover the Employee's travel and subsistence expenses for professional and official purposes. This includes attending conferences, meetings, and events that support the Employee's professional development and the official duties of the City of Watertown. These may include, but are not limited to, the ICMA Annual Conference, the State League of Municipalities, and other relevant national, regional, state, or local governmental organizations and committees. Approved travel expenses will be charged to the City Manager's designated travel budget.
13. **CIVIC CLUB MEMBERSHIP.** Employer acknowledges the value of the Employee's participation in local civic and service organizations and agrees to cover all related membership expenses. The Employee shall report each such membership to the Employer, who will either reimburse the Employee or pay the membership fees directly.
14. **USE OF VEHICLE AND MILEAGE REIMBURSEMENT.** When feasible, the Employee shall have access to a City vehicle for conducting official City business or authorized City travel. If a personal vehicle must be used for City business, the Employee shall be reimbursed for mileage at the prevailing federal reimbursement rate. Reimbursement does not apply to travel between the Employee's residence and primary workplace.
15. **REIMBURSEMENT OF BUSINESS EXPENSES AND CELL PHONE STIPEND.** The Employer shall reimburse the Employee for reasonable, job-related expenses incurred while conducting official business on behalf of the City of Watertown. These expenses may include, but are not limited to, meals, registration fees, travel, mileage, and other subsistence costs, provided that appropriate documentation is submitted. Additionally, the Employee shall receive a monthly cell phone stipend at the current rate for all employees of \$40 per month to compensate for the business use of their personal mobile device.
16. **WORK HOURS AND TIME COMMITMENTS.** It is understood that the position of City Manager requires the Employee to devote a minimum of forty (40) hours per week to City business. Attendance at evening and occasional weekend meetings is a required aspect of the role. The Employee acknowledges that no additional compensation or compensatory time will be provided for such extended hours. However, in recognition of these

additional time commitments, the Employee may reasonably adjust their regular office hours, with the understanding that such flexibility is subject to the ongoing needs of the City.

17. **OUTSIDE ACTIVITIES.** The Employee shall not engage in teaching, consulting, serving on any boards, or any other business activities unrelated to City duties without prior approval from the City Council. This restriction does not apply to occasional volunteer work, participation in professional associations, or incidental activities that do not interfere with the performance of the Employee's duties or create a conflict of interest. The Employee shall keep the Council informed of any such activities, if relevant.

18. **PROBATIONARY PERIOD.** The Employee shall be subject to a probationary period of six (6) months beginning on the first day of employment as City Manager. During this probationary period:

- 18.1 The Employer may terminate the Employee's employment at any time, with or without cause, and without advance notice.
- 18.2 In the event of termination during the probationary period, the Employee shall not be entitled to severance pay or any other post-termination compensation, except for any earned but unpaid salary or accrued benefits as required by law.
- 18.3 The Employee shall remain subject to all terms and conditions of this Agreement, except those provisions relating to severance, which shall not take effect until successful completion of the probationary period.
- 18.4 At the conclusion of the six-month probationary period, the City Council shall evaluate the Employee's performance. Continuation of employment beyond the probationary period shall constitute successful completion, and all terms of this Agreement, including severance provisions, shall thereafter apply.

19. **TERMINATION BENEFITS.**

- 19.1 *Termination Without Cause.* In the event the Employee is terminated by the Employer for any reason other than *for cause*, the Employer agrees to pay the Employee three (3) months of the Employee's base salary. This payment shall be made in accordance with the Employer's regular payroll cycle and will be subject to applicable tax withholdings. It shall not include unemployment insurance benefits. The Employee's rights under COBRA shall remain unaffected.
- 19.2 *Termination for Cause or Resignation.* If the Employee is terminated *for cause*, or if the Employee resigns—whether voluntarily or at the request of the Employer—the Employer shall have no obligation to pay the severance amount specified in this Agreement or provide any additional compensation beyond what is legally required.
- 19.3 *Resignation and Separation Terms.* In the event the Employee resigns from the position of City Manager, the Employer shall have the authority to determine the Employee's final date of employment and to establish the terms of separation, in accordance with applicable laws and policies.
- 19.4 *Definition of "For Cause".* For the purposes of this Agreement, "for cause" includes, but is not limited to, any one or more of the following:
 - a. incompetence or neglect of duties;
 - b. insubordination or failure to comply with lawful directives;
 - c. conviction of a felony or any crime involving moral turpitude;
 - d. gross negligence or willful misconduct in the performance of duties;
 - e. acts of theft, fraud, or misappropriation of City property;
 - f. substantial breach of any material term of this Agreement;
 - g. repeated and documented poor performance or failure to improve after written notice and opportunity to correct;
 - h. any conduct that materially disrupts City operations, undermines the City Manager's ability to effectively perform their duties, or maintain the public trust;

- i. unethical acts, acts of dishonesty, or unprofessional conduct; or
- j. violation of City policies or any law applicable to the performance of duties.

19.5 *Termination Procedure for Cause.* In the event of any proposed termination for cause, the City Council shall provide the City Manager with written notice and an opportunity to respond in accordance with Section 3.02 of the Home Rule Charter and any other applicable laws, policies, and procedures. If the City Council determines that cause exists, the termination shall be effective immediately, and the City Manager shall not be entitled to severance pay or any further compensation beyond the date of termination.

20. **POWERS AND DUTIES.** Employee shall be the chief administrative officer of the City of Watertown, responsible to the City Council for the administration of all City matters placed in Employee's charge by or under the Home Rule Charter or city ordinance. Employee shall:

- 20.1 Appoint and, when necessary in their discretion, suspend or remove all employees and appointive administrative officers of the city except as otherwise provided by the Home Rule Charter or by law. The city manager may authorize any administrative officer subject to the manager's direction and supervision to exercise these powers with respect to subordinates in that employee or officer's department, office, or agency;
- 20.2 Direct and supervise the administration of all departments, offices and agencies of the City except as otherwise provided by the Home Rule Charter or by law;
- 20.3 Attend all City Council meetings, except when the council is in executive session to consider a personnel matter concerning the city manager's performance or employment and a majority of the Council chooses to disallow the city manager's attendance. In all instances when the city manager is in attendance, the manager shall have the right to participate in Council discussion but shall not vote;
- 20.4 See that all laws, provisions of the Home Rule Charter and acts of the City Council subject to enforcement by the city manager or by employees or officers subject to the manager's direction and supervision are faithfully executed;
- 20.5 Prepare and submit the annual budget and capital program to the City Council;
- 20.6 Submit updates annually on the date specified by the City Council to a five-year capital plan in such form as the city manager deems desirable or the City Council may require;
- 20.7 Submit updates annually on the date specified by the City Council to a five-year financial plan in such form as the city manager deems desirable or the City Council may require;
- 20.8 Submit to the City Council and make available to the public a complete report on the finances and administrative activities of the city as of the end of each fiscal year;
- 20.9 Make such other reports as the City Council may require concerning the operations of city departments, offices and agencies subject to the city manager's direction and supervision;
- 20.10 Keep the City Council fully advised as to the financial condition and future needs of the city;
- 20.11 Sign all warrants for payment of money, and the same shall be countersigned by the Chief Financial Officer, but no warrant shall be issued until the claim therefore has been approved by the City Council, except as may be otherwise provided by ordinance or resolution;

- 20.12 Sign all contracts on behalf of the city, and the same shall be countersigned by the Chief Financial Officer, but no contract shall be executed until such contract has been approved by the City Council, except as may be otherwise provided for by ordinance or resolution;
- 20.13 Be the personnel director of the city;
- 20.14 Make recommendations to the City Council concerning the affairs of the city;
- 20.15 Provide staff support services for the mayor and council members; and
- 20.16 Perform such other duties as are specified in the Home Rule Charter or as may be required by the City Council.

21. **CONFIDENTIALITY.** The Employee agrees to maintain the confidentiality of any information obtained in the course of performing official duties as City Manager, to the extent permitted by law. This includes, but is not limited to: (a) Information discussed in executive sessions or closed meetings; (b) Personnel matters, pending litigation, or legal advice protected by attorney–client privilege; (c) Proprietary, financial, or strategic information not yet disclosed to the public; (d) Information that is confidential under South Dakota law, including SDCL Chapter 1-27 (Public Records and Files) and applicable exemptions.

- 21.1 The Employee shall not disclose or use any such information for personal gain or to the detriment of the City of Watertown. This obligation continues after the termination of employment.
- 21.2 Nothing in this provision shall be construed to: (a) limit the Employee’s legal obligation to comply with public records laws; (b) prevent disclosure required by law, subpoena, or court order; (c) restrict the Employee from discussing general, non-confidential matters with the public or media in accordance with City policy; (d) interfere with the Employee’s rights under whistleblower protection laws.
- 21.3 Any breach of this confidentiality provision may be considered grounds for disciplinary action, up to and including termination.
- 21.4 In the event of a breach of this Section 21.4, either during or after employment, Employer shall have no adequate remedy at law and shall be entitled to (a) all equitable remedies, including immediate injunctive and other equitable relief (without bond and without the necessity of showing actual monetary damages) enjoining the Employee and every other party from breaching the terms of this Agreement, (b) reasonable attorney’s fees incurred in enforcing its rights hereunder, and (c) any other legal remedies that may be available. To the extent allowed by law, Employee shall pay damages of 3 months wages paid by City for each breach under this Agreement in addition to actual damages and any other remedy and damages available to Employer.

22. **NON-DISPARAGEMENT.** The Employee agrees not to make any false, malicious, or knowingly misleading statements about the City of Watertown, its elected officials, employees, or operations that could harm the City’s reputation or the professional relationships necessary for effective governance. This includes statements made publicly, privately, or via any media, including social media, blogs, or public forums. Likewise, the City, through its elected officials and authorized representatives, agrees not to make false or intentionally disparaging statements about the Employee in their professional capacity. This provision is not intended to: (a) limit the Employee’s right to make truthful statements in the course of performing official duties; (b) prevent compliance with legal obligations, including participation in legal proceedings, whistleblower protections, or reports to oversight agencies; or (c) interfere with constitutionally protected speech or rights under South Dakota or federal law. A breach of this provision may be considered a material violation of this Agreement and subject to appropriate remedies or corrective action, including termination for cause.

23. **GENERAL CONDITIONS OF EMPLOYMENT.** Nothing in this Agreement shall prevent, limit, or otherwise restrict the Employer's right to terminate the Employee's services at any time and for any reason, subject to the terms of this Agreement and applicable statutory requirements. Likewise, nothing in this Agreement shall prevent, limit, or otherwise restrict the Employee's right to resign from their position at any time, subject to the terms of this Agreement. If any issue or condition of employment is not specifically addressed in the Home Rule Charter, applicable state statutes, or this Agreement, the parties agree that the applicable provisions of the City's Personnel Policy, as may be amended from time to time, shall govern. To the extent there is any conflict between Home Rule Charter, this Agreement, State Statutes and the City's Personnel Policy, the following order of governance shall apply: 1) Home Rule Charter, 2) applicable State Statutes, 3) this Agreement, and 4) the City's Personnel Policy.
24. **INDEMNIFICATION.** To the fullest extent permitted by law, the Employer shall defend, indemnify, and hold the Employee harmless from any and all claims, demands, actions, suits, proceedings, judgments, or liabilities (including reasonable attorney's fees and costs) arising out of any act or omission occurring within the scope of the Employee's employment as City Manager.
- 24.1 This indemnification shall apply to: (a) any civil, administrative, or quasi-judicial action brought against the Employee in their official capacity; (b) actions resulting from the performance of duties authorized by the City Council or required under the Home Rule Charter, ordinances, or applicable law; (c) Acts undertaken in good faith and within the scope of employment.
- 24.2 Indemnification shall NOT apply to: (a) criminal proceedings in which the Employee is convicted; (b) claims arising from acts or omissions outside the scope of employment; (c) acts of gross negligence, willful misconduct, or intentional wrongdoing; (d) claims brought by the City itself against the Employee.
- 24.3 The City may provide legal defense through its legal counsel, insurance provider, or other counsel of its choosing, and the Employee agrees to cooperate fully with such defense. Nothing in this provision shall waive any immunity or defense available to the City under state or federal law.

IN WITNESS WHEREOF, Employer and Employee, as evidenced by the below signatures, have caused this Agreement to be executed, in duplicate, as of the day and year first written above.

EMPLOYER:
CITY OF WATERTOWN

EMPLOYEE:

Ried Holien
Mayor

Name
City Manager

ATTEST

Kristen Bobzien
Chief Finance Officer