



TO: Members of the City Council
FROM: Shaun Sipma, Mayor
DATE: November 15, 2019
SUBJECT: **Modification to Employment Agreement**

I. RECOMMENDED ACTION

Move to:

1. Approve the Second Amendment to the City Manager’s Employment Contract;
2. Authorize the Mayor to sign the Amendment.

II. DEPARTMENT CONTACT PERSONS

Shaun Sipma, Mayor	857-4750
Lisa Jundt, HR Director	857-4756

III. DESCRIPTION

A. Background

This City of Minot, upon hiring City Manager Barry, entered into an employment contract with Mr. Barry on November 1, 2016. The original contract was set to expire on December 11, 2019 but was subsequently extended 8 months leaving little time remaining on Mr. Barry’s contract. Because of the long lead times involved in filling senior executive positions, I have spoken to City Manager Barry and he has expressed interest in extending his contract and doing so now would be most advantageous. A few minor modifications to the contract have been proposed.

B. Proposed Amendments

Section 2 of the Agreement is being modified to extend the contract termination date five years to August 11, 2025 and update future renewal terms. As an incentive to continue Mr. Barry’s employment with the City, a one-time adjustment to base pay of 3% is being recommended in August of 2020 when the contract renewal would take place. Section 18, Subsection (b) aligns payout of leave balances with ICMA best practices. Section 18, Subsection (d) updates the calculation for severance should the City ever decide to terminate the employment

agreement early without cause. Severance pay would not be granted if Mr. Barry terminates the agreement early or if the City terminated Mr. Barry's employment for cause.

IV. IMPACT:

A. Strategic Impact:

Updating the Employment Contract with City Manager Barry will allow the City to retain Mr. Barry after August of 2020 and ensure continuity in City leadership and the continuance of impressive results. Many initiatives and improvements begun under Mr. Barry's short tenure have propelled the City forward. A few recent examples include Mr. Barry's efforts in correcting the City's financial outlook, overhauling the City's Budget Process, acquiring additional City revenue of \$3M annually in HUB City funding, improving employee benefits and incentives, drastically reducing staff turnover rates, advancing the update of the City's enterprise system software and technical competencies, improving City communications & reputation, incorporating data driven decision making into the City's operation, as well as his efforts in improving economic development outcomes and his focus on longer-range strategic planning efforts. Moreover, under Mr. Barry's leadership, the City achieved distinguished recognition as the North Dakota League of Cities "City of the Year" for 2018-19. As such, it is most advantageous to retain Mr. Barry to continue his efforts and complete these initiatives and continue the City's positive forward momentum. The proposed modifications to the contract align with ICMA best management practices. Furthermore, this request is in alignment with the City's broader workforce retention efforts.

B. Fiscal Impact:

There is minimal financial cost to implement this recommendation. However, the extension incentive may require a small budget amendment in 2020, which, if needed and after approval of this contract amendment, would be brought back for Council approval in the first quarter of 2020 (FY 2020 Budget). Anticipated employee salary and benefit budget savings from FY19, which are returned to the General Fund Reserve at the end of FY19, will be more than sufficient to cover the budget amendment amount (anticipated at about \$5,000) in FY 2020.

V. LIST OF ATTACHMENTS

Attachment A: Amendment 2 of the Employment Contract Between the City of Minot and Tom Barry