

**CITY OF CAPE MAY
CITY MANAGER CONTRACT**

This Contract for Services is made this 17th day of December 2025, between the City of Cape May, a municipal corporation of the State of New Jersey, with offices at 643 Washington Street, Cape May, New Jersey (the City), and Paul E. Dietrich, residing at 321 Central Avenue, Ocean City, New Jersey 08226 (Dietrich).

WITNESSETH

WHEREAS, the City operates under the Council-Manager form of government, pursuant to the Faulkner Act, N.J.S.A. 40:69A-1 et seq., and specifically N.J.S.A. 40:69A-81, et. seq.; and the duties of City Manager are specifically set forth in N.J.S.A. 40:69A-92 through -98, and in Chapter 10 of the Cape May City Code; and

WHEREAS, Dietrich presently serves as the full time City Engineer pursuant to N.J.S.A. 40A:9-140 and desires to be continue to serve as the City Engineer and serve as City Manager; and

WHEREAS, the City and Dietrich desire to enter into this Contract to further set forth the conditions of Dietrich's position as City Manager,

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, the City and Dietrich agree as follows:

1. Appointment. The City appoints Dietrich as City Manager and Dietrich accepts that appointment on the terms set forth below, and for the term, salary and conditions contained herein.

2. Other Positions. The City acknowledges Dietrich began his employment with the City on July 6, 2023, and has served continuously since his original date of hire, and presently

holds the position of full time City Engineer which includes overseeing the City's CRS program, acting as Flood Plain Administrator, Municipal Housing Liaison, and JIF Fund Commissioner. Dietrich shall remain as the City Engineer with all salary, benefits, and leave associated therewith and as more specifically set forth herein; provided, however, that he shall have the ability to delegate the duties set forth herein to subordinates such that he is able to devote his full business time and energies to the position of City Manager and fulfill the duties of City Engineer.

3. Duties.

3.1 In addition to the duties of City Engineer, to the best of his ability, Dietrich shall perform all the duties required of the City Manager, as more specifically set forth in the Faulkner Act and the City Code as may be amended from time to time. Those duties are incorporated into this Contract as if fully set forth.

3.2 Dietrich's duties shall further include following the policies and directives established by City Council, and performing such other duties as may be required of the City Manager by resolution adopted by City Council in its sole discretion pursuant to the Faulkner Act and City Code.

3.3 Dietrich shall be available on a 24-hour-per day, seven-day-per-week, 365-day-per-year basis for emergent matters.

3.4 The City will provide Dietrich with all clerical support staff and equipment reasonably necessary for Dietrich to perform his duties as manager, including a cell phone and municipal vehicle, for the purpose of attending to City matters. The City Manager may take the municipal vehicle to and from the home address identified herein.

4. Term & Compensation.

4.1 Dietrich will continue to hold the position of City Engineer, for which Dietrich receives an annual base salary of ONE HUNDRED THIRTY THOUSAND DOLLARS (\$130,000.00) DOLLARS for the year 2023.

4.2 (a) The City Engineer Salary set forth in 4.1 above shall be increased annually by two (2%) percent beginning on January 1, 2024 as follows:

2024	\$132,600.00
2025	\$135,252.00
2026	\$137,956.00
2027	\$140,715.00

4.3 In addition to the City Engineer Salary, the City shall pay Dietrich additional salary for providing services as the City Manager in the annual amount of TEN THOUSAND (\$10,000.00) DOLLARS commencing and effective January 1, 2024 and to be added to the annual amount set forth in 4.2 and with the combined amount being the total annual salary. Beginning January 1, 2026, the City Manager additional salary shall be \$22,044.00 (for a combined total annual salary of \$160,000.00) and beginning January 1, 2027 the City Manager additional salary shall be \$23,785.00 (for a combined total annual salary of \$164,500.00). The parties acknowledge that Dietrich has been serving as the City Engineer and City Manager since January 1, 2024 and was appointed to both positions on a permanent basis. Dietrich's pension contributions are to be based on the total annual salary and any retroactive contributions shall be made dating back to January 1, 2024.

4.4 Dietrich's term as City Manager will be for a four (4) year period commencing January 1, 2024 and ending December 31, 2027 (the term).

4.5 No additional compensation (including but not limited to stipends) other than those amounts set forth above shall be authorized or due unless and until City Council authorizes the same by further resolution of the City Council. The City and Dietrich acknowledge that the compensation herein reflects a confluence of factors and experience that are unique to Dietrich and the singular nature of the position of City Manager under the Faulkner Act form of government, and therefore, the compensation herein shall not be interpreted as establishing any range for future determinations of salary at either position.

4.6 Dietrich's salary shall be paid in bi-weekly installments on the regularly scheduled City paydays, subject to all applicable withholding taxes and unemployment and disability contributions.

4.7 Dietrich shall work an average of 40 hours per work week. Time requirements for optimal job performance vary based on specific assignments, emergencies, seasonal demands or other unexpected factors. All parties endorse a policy of flexibility which allows the City Manager to adjust normal working hours as conditions require for the duties of his office and to perform special duties, attend meetings, and to work hours as required in order to properly represent the City. Dietrich understands and agrees that, as an exempt employee under applicable Federal and State law, he shall not be paid for overtime; nor shall he receive compensatory time, and he shall be expected to work the number of hours reasonably necessary for the performance of his duties pursuant the Faulkner Act and City Code.

5. **Personnel Policy Manual.** Unless otherwise set forth in this Contract, all other terms and conditions of employment contained in the City's Personnel Policy Manual (PPM), including vacation, personal, and sick days are incorporated into this Contract; moreover, any amendments to the Personnel Policy Manual or the adoption of any new policies by the City

Council of general applicability to all employees shall be incorporated herein and this Contract shall be deemed amended accordingly.

Notwithstanding any provisions of the PPM to the contrary, Dietrich will be provided twenty (20) days paid vacation time per year and twelve (12) sick days. Personal Leave days shall accrue pursuant to Article 77 of the PPM. Vacation Leave will be carried forward to the next succeeding year only consistent with Article 76. Unused Sick leave may be accumulated and carried forward from year to year until termination of employment consistent with Article 78. For the avoidance of any doubt, the above accrual shall be deemed effective as of January 1, 2024. The parties acknowledge that Management duties are particularly critical from Memorial Day Weekend to Labor Day Weekend (“the high season”). Therefore, vacation and personal time during the high season should be avoided and, if taken by Dietrich, shall be limited to no more than seven (7) consecutive days. Vacation or personal time during the high season that exceeds seven (7) consecutive days is subject to prior approval of City Council.

6. Benefits. Dietrich shall receive all benefits he is entitled to pursuant to the terms and conditions of the Personnel Policy Manual including but not limited to Article 75 – Life Insurance. Dietrich may opt out of full family health plan and be compensated at the rate of 25% or \$5000.00, whichever is less of the annual amount saved by the City because of his decision to opt out, and so long as the waiver of coverage is not because of other State Health Benefits Program coverage and Dietrich is eligible for the waiver incentive pursuant to applicable law. The City will provide Dietrich with a flexible spending reimbursement amount consistent with the City’s established policy which provides for reimbursement for incurred expenses (such as Dental and Vision) not covered by the City’s health plan and with an annual cap.

7. **Faulkner Act.** Notwithstanding the term above and pursuant to the Faulkner Act, the City shall have the right to terminate and remove the City Manager at any time, with or without cause, subject only to the conditions and obligations in N.J.S.A. 40:69A-93, the terms of which are incorporated herein by reference. The parties acknowledge that in the event of termination, no other compensation shall be due other than as specifically set forth in N.J.S.A. 40:69A-93.

8. **Entire Agreement.** This Contract represents the entire agreement by and between the parties and may only be amended by written instrument signed by the parties.

9. **Governing Law.** This Contract shall be governed by and construed in accordance with the laws of the State of New Jersey and any action to enforce or interpret this agreement shall have venue in Cape May County.

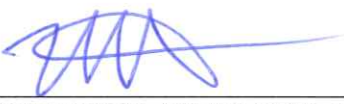
IN WITNESS WHEREOF, the parties hereto have set their hands and seals the day and year first above written.

ATTEST:



Erin C. Burke, City Clerk

CITY OF CAPE MAY



By: ZACHARY M. MULLOCK, Mayor

Dated:



Erin C. Burke, City Clerk



PAUL E. DIETRICH,
City Manager

Dated: 12/17/25