**EMPLOYMENT AGREEMENT**

**Between Las Gallinas Valley Sanitary District**

**And**

**Curtis D. Paxton (General Manager)**

This EMPLOYMENT AGREEMENT (“Agreement”) is made and entered into this 7th day of July 2022, by and between the Las Gallinas Valley Sanitary District, a special district, (“District or Employer”) and Curtis D. Paxton, (“Employee”) both of whom understand as follows:

**RECITALS**

WHEREAS, Employer desires to employ the services of Curtis D. Paxton as General Manager of the Las Gallinas Valley Sanitary District; and

WHEREAS, it is the desire of the District Board, (“Board”) to provide certain benefits, to establish certain conditions of employment, and to set working conditions of said Employee; and

WHEREAS, Employer and Employee now desire to set forth their agreement for employment of Employee on the terms and subject to the conditions set forth herein.

WHEREAS, both Employer and Employee have read this Agreement and understand its contents fully;

NOW, THEREFORE, in consideration of the foregoing and the provisions and promises hereinafter set forth, the parties agree as follows:

**TERMS**

**Section 1: Duties**

1. Employer hereby agrees to employ Curtis Paxton as General Manager to perform the functions and duties specified in the job description, attached as Exhibit “A” and to perform other legally permissible and proper duties and functions as the General Manager.
2. The General Manager shall be in charge of and responsible for the operation and management of Employer and the general business and governmental affairs of Employer in accordance with the laws of the United States of America and the State of California governing special districts. The General Manager shall do and perform all services, acts, and functions necessary or advisable to manage and conduct the business and governmental affairs of Employer as determined by the Board of Directors.
3. Employee agrees that during the term of this Agreement, Employee shall devote Employee’s full energies, interests, abilities, and productive time to the performance of the duties and responsibilities as set forth in this Agreement and shall not conduct any business or render other services of any kind for compensation, or undertake other business, professional or commercial activity.

D. Employee shall perform all duties with due diligence and with the best interest of Employer in mind.

E. Due to the nature of his employment which requires close proximity to Employer's facilities, Employee agrees to maintain his permanent residence to a distance within a 60 minute automobile drive of the Employer’s office during non-commute hours.

**Section 2: Term**

1. Employment pursuant to the terms of this Agreement is “at will”. Specifically, Employee serves as General Manager at the pleasure of the Board of Directors, and as an at-will employee, can be terminated at any time, either with or without cause.
2. The term of this Agreement shall commence on August 8, 2022 and end on July 31, 2023, unless terminated earlier as provided in Section 2.A.1 or renewed for one year automatically. Unless Employer notifies Employee in writing by July 1st of any given year, the Agreement shall renew for the next 12 months commencing with August 1st of that given year.
3. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of the Employer to terminate the services of Employee at any time, subject only to the provisions set forth in Section 7 of this Agreement.
4. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of the Employee to resign at any time from his position with Employer, subject only to the provisions set forth in Section 7 of this Agreement.

**Section 3: Salary**

1. Employer agrees to compensate Employee the amount of $280,000.00 annually effective the first pay period that encompasses August 8, 2022.
2. Longevity Amounts
   1. Employee can receive a longevity step at the beginning of their 7th year of employment with the District. The longevity step shall be 5.0%.
   2. Employees in the “management bargaining unit” are eligible to receive a longevity step equal to five percent of base salary (5%) at the completion of 10 years of continuous employment with the District.
3. Six months after August 8, 2022, the Board of Directors shall review the performance of Employee. Subsequent evaluations shall be conducted annually thereafter. Upon satisfactory or greater than satisfactory performance the Board of Directors may at its sole discretion increase Employee’s salary.
4. Further salary increases during the term of this Agreement shall be based on District Salary Surveys or, in part, on a performance review with the percentage salary increase determined solely by the Board of Directors (see Section 4, below). All future salary increases except for COLA increases are discretionary, determined in the sole discretion of the Board of Directors.
5. Effective August 1, 2023, the Employee will be entitled to a General Wage COLA increase of commensurate with that given to other management employees.

**Section 4: Performance Evaluation**

The Board of Directors shall at least annually review and evaluate the responsibilities, workload and performance of the Employee. Said review and evaluation shall be in accordance with specific criteria developed by Employer. The District and Employee may develop goals, objectives, and performance standards for Employee for the benefit of the District and in attainment of the District’s policy objectives, and may further establish a priority among those goals, objectives, and performance standards. Additionally, the District may periodically establish goals and objectives regarding the Employee’s performance of the duties of General Manager.

**Section 5: Management Benefits**

1. Employee shall be entitled any benefits specified for the Unrepresented Bargaining Group in the attached Exhibit “B”. However, a specific description of certain of those benefits follows and the specific description below controls the rights and obligations of Employee and Employer for that specific benefit.
2. If Employee has outside health insurance coverage, the Employee may opt out of the District provided health insurance and receive an in-lieu payment of $250 per month to offset the cost of the outside health insurance. The Employee must provide proof of health insurance coverage.
3. Employee may purchase a tablet computer or laptop once in a four-year period and be reimbursed based on District policy. Should the Employee terminate employment within two years of receiving the reimbursement, the Employee shall return to the District 50% of the cost so reimbursed.
4. Employee shall be entitled to 4 weeks per year vacation. Upon hiring Employer shall grant Employee a one time, initial 2 week vacation benefit. Cash-Out of Vacation: The maximum amount of vacation time Employee may accrue is 272 hours. Employee shall be eligible to cash out up to 80 hours of vacation time one time a year. All vacation hours cashed out shall be compensated at the Employee’s current rate of pay and will be removed from the Employee’s accumulated vacation balance. In no event shall Employee cash-outs result in a vacation balance of less than 40 hours. Such requests for cash-out of vacation hours shall be submitted in writing by the employee to the Administrative Services Manager, who will verify and approve the request. Vacation requests must be submitted by June 1 and/or December 1 and will be processed on the following pay period. This cash-out will be subject to applicable Federal and State Payroll Tax Law.
5. Employee shall be entitled to a District vehicle for District purposes and commuting. Employer shall pay for all expenses associated with this vehicle. Employee shall be permitted to use the vehicle for limited personal use only when Employee is either engaged in Employer activities or commuting to and from work. Reasonable personal use is allowable. If Employee ceases to be General Manager this vehicle benefit shall end.
6. On July 1 of each year, the Employee shall be granted a lump sum of 80 hours of Administrative leave. The allotment shall reset to 80 hours on July 1, regardless of unused balance remaining from prior fiscal year.
7. Under the current defined benefit plan, pursuant to the Public Employees’ Retirement Law (Government Code § 20000 et seq. (“PERL”)), Employee is required to contribute 8% of the Employee’s “compensation earnable and reportable” (“PERSable compensation”) toward the costs of said benefit plan.
8. Employee can choose either a District supplied smartphone or can be reimbursed the median for a 6 GB plan of the following wireless carriers (AT&T, Sprint and Verizon). Employees can be reimbursed for the phone purchases once every 3 years up to $273.58. The allowance will be based on General Wage COLA increases of each year. It is the sole responsibility of the employee to maintain their Employee owned phone. Employee shall be on call and maintain their phone in good working condition and in close proximity to respond to District emergencies as necessary. Should the Employee terminate their employment with the District within one year of receiving a reimbursement for a phone, the Employee shall reimburse the District 50% of the purchase cost.

**Section 6: Professional Development**

1. Employer agrees to budget for and to pay for publications and subscriptions for Employee necessary for his continuation and full participation in national, regional, state, and local associations and organizations necessary and desirable for his continued professional participation, growth, and advancement, and for the good of the Employer as determined solely by the Board.
2. Employer hereby agrees to budget for and to pay for reasonable travel and subsistence expenses of Employee for professional and office travel, meetings, and occasions necessary to continue the professional development of Employee as determined solely by the Board. Notwithstanding the foregoing, Employee shall be entitled to attend up to six industry related conferences per year, including but not limited to Water Reuse, CASA, WEF, CWEA, CSDA or similar.
3. Employer also agrees to budget for and to pay for reasonable travel and subsistence expenses of Employee for short courses, institutes, conferences, and seminars that are necessary for his professional development and for the good of the Employer as determined solely by the Board.
4. Employee shall obtain the Board’s prior approval for any expenses in this Section which are not in the approved budget.
5. Employer shall reimburse Employee up to $5,000 annually for tuition and fees for any college credit courses Employee may attend related to his position as General Manager or in his efforts to obtain a college degree.

**Section 7: Termination of Agreement and Severance Pay**

1. The Agreement may be terminated at any time by either party in writing.
2. Both sides agree that it is preferable to provide thirty (30) days advance notice of termination, but such advance notice is not required.
3. “At Will” Employment: The parties to this Agreement expressly acknowledge that Employee is “at will” and serves at the pleasure of the Board. Employee may be terminated by Employer at any time with or without cause, at the sole discretion of the Employer. Employee may terminate his employment at any time with or without reason.
4. Notwithstanding anything else contained in the Agreement, the terms and provisions of this Agreement shall terminate automatically and immediately upon the death of Employee.
5. In the event Employer wishes to terminate Employee without reference to cause, then Employee may be entitled to severance pay in a lump sum equal to six months of Employee’s current salary. The Employer shall only be obligated to pay this severance if the Employee agrees to execute a standard release agreement as prepared by the Employer that releases the Employer from any and all claims the Employee may have against the Employer. If the Employee refuses to sign this standard severance and release agreement, the Employee shall not be entitled to the severance pay. Notwithstanding any other provision in this Agreement, in accordance with Government Code § 53260, in the event this Agreement is terminated, the maximum cash settlement that Employee may receive shall be an amount equal to the monthly salary of Employee multiplied by the number of months left on the unexpired term of the Agreement. Furthermore, in accordance with the above denominated Section, if the unexpired term of the Agreement became greater than 18 months, the maximum cash settlement shall be an amount equal to the monthly salary of the employee multiplied by 18.
6. In the event Employee is terminated, the Employee shall be paid out for accrued but unused vacation, compensatory time and administrative leave. Accrued sick leave benefits shall be paid in accordance with District personnel policy.
7. If Employee resigns at the request of the Board of Directors, Employee shall be deemed terminated without cause and may be entitled to severance as set forth under Section 7.E.

**Section 8: Indemnity**

Employer and Employee recognize the broad legal obligation of an employer to defend, indemnify and hold harmless a public employee in connection with that public employee acting within the course and scope of their employment.

Employer will defend, indemnify and hold harmless Employee and pay all costs and fees incurred by him, whether as a party, witness, or otherwise, in connection with any actual or potential suit, claim, demand, investigation, or similar event arising within the course and scope of his employment. This obligation on the part of Employer will continue regardless of if or when the General Manager’s employment with Employer terminates. This includes defense in any administrative proceedings or any criminal action involving the operation of Employer’s plant and facilities. However, if the public entity pays any claim or judgment or portion thereof on behalf of Employee, the Employer may recover the amount of payment from Employee if Employer establishes that with regard to the act or omission upon which the claim or judgment is based, Employee acted or failed to act because of actual fraud, corruption, or actual malice or that he willfully failed or refused to reasonably cooperate in good faith in the defense conducted by Employer.

**Section 9: Notices**

Notices pursuant to this agreement shall be given by deposit in the custody of the United States Postal Service, postage prepaid, addressed as follows:

Las Gallinas Valley Sanitary District

101 Lucas Valley Road, Suite 300

San Rafael, CA 94903

Curtis D. Paxton

1085 Shadybrook Lane

Napa, CA 94558

Alternatively, notices required pursuant to the agreement may be personally served. Notice shall be deemed given as of the date of personal service or as of the date of deposit of such written notice in the course of transmission in the United States Postal Service.

**Section 10: General Provisions**

1. The text herein shall constitute the entire agreement between the parties and supersedes any and all other agreements, either oral or in writing between the Employer and the Employee and contains all of the covenants and agreements between the parties with respect to such employment in any manner whatsoever. Any prior agreements merge into this Agreement and specifically prior employment agreements merge into this agreement.
2. Each party to the Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and no other agreement, statement, or promise not contained in the Agreement shall be valid or binding. Any modification of the Agreement will be effective only if it is in writing and signed by both the Board of Directors and the Employee.
3. This Agreement shall be binding upon and inure to the benefit of the heirs of Employee.
4. If any provision, or any portion, contained in this Agreement is held unconstitutional, invalid or unenforceable, the remainder of this Agreement, or portion, shall be deemed severable, shall not be affected, and shall remain in full force and effect.
5. This Agreement shall be interpreted under the laws of the State of California. Venue for any action shall be in the Superior Court for the County of Marin.
6. Employee understands that the Board may, from time to time, revise the District’s policies. Employee understands that Employee is subject to those policies and procedures when they are not in conflict with the contents of this Agreement.

Employer and Employee approve and accept the terms and provisions of this Agreement and agree to be bound thereby.

THE PARTIES TO THIS AGREEMENT HAVE READ THE FOREGOING AGREEMENT AND FULLY UNDERSTAND EACH AND EVERY PROVISION CONTAINED HEREIN. WHEREFORE, THE PARTIES HAVE EXECUTED THIS AGREEMENT ON THE DATES SHOWN BELOW.

IN WITNESS WHEREOF, Las Gallinas Valley Sanitary District has caused this Agreement to be signed and executed on its behalf by its Board President, and duly attested by its District Secretary, and the Employee has signed and executed this Agreement the day and year first above written.

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Board President

Las Gallinas Valley Sanitary District

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Curtis D. Paxton

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Teresa Lerch

District Secretary

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APPROVED AS TO FORM:

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David J. Byers, District Counsel for

Las Gallinas Valley Sanitary District