

**LOS OSOS COMMUNITY SERVICES DISTRICT
GENERAL MANAGER
EMPLOYMENT CONTRACT**

Attachments:
Exhibit "A" - General Manager Job Description

THIS EMPLOYMENT CONTRACT, is made and entered into by and between the Los Osos Community Services District (herein referred to as "District"), and Greg Kwolek (herein also referred to as "General Manager" or "Kwolek"), with reference to the following recitals (District and Kwolek may be referred to collectively as the "Parties"):

RECITALS

- A. District is a California Community Services District organized and operating pursuant to 61000 *et seq.*, of the Government Code.
- B. District desires to appoint and employ Kwolek as General Manager of the District;
- C. Kwolek desires to accept employment as General Manager of the District.
- D. The purpose of this Contract is to define the employment relationship between Kwolek and the District.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

SECTION 1 - EMPLOYMENT OF GENERAL MANAGER

District hereby agrees to appoint and employ Kwolek as General Manager of District and Secretary to the Board of Directors (collectively those positions constitute the position of the "General Manager").

SECTION 2 - DUTIES

A. The duties of the General Manager are generally described in Exhibit "A", attached hereto and incorporated herein by this reference, and Government Code Section 61051, which provides as follows:

"The General Manager shall be responsible for all of the following:

- 1) The implementation of the policies established by the board of directors for the operation of the district.
- 2) The appointment, supervision, discipline, and dismissal of the district's employees, consistent with the employee relations system established by the board of directors.
- 3) The supervision of the district's facilities and services.

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4) The supervision of the district's finances.”

B. The General Manager shall also serve as the Secretary to the Board of Directors and shall be responsible for:

- 1) Maintaining accurate records of the proceedings of the Board of Directors.
- 2) Maintaining a book of District Ordinances or Codes with his attestation.
- 3) Maintaining District records including original Ordinances, Resolutions and Contracts and attest to the originals and true and correct copies of the same.
- 4) Administering Oaths or Affirmations and certifying affidavits and depositions pertaining to District affairs and business which may be used in any court or proceeding in the State.

C. The General Manager may temporarily deputize other District employees to perform one or more of the duties referenced above in the absence of the General Manager

D. Employee agrees to perform the functions and duties specified herein, in Government Code Section 61051, in the District's Code, and in Exhibit "A," and also to perform such other legally permissible and proper duties and functions as the District Board of Directors may from time to time assign, under the terms and conditions of employment set forth in this Contract.

E. Both parties acknowledge that specific duties of the General Manager position may vary from time to time at the discretion of the Board, and that the Board's assignment of additional specific lawful duties shall not require any amendment of this Contract.

SECTION 3 - TERM

Subject approval by the Board of Directors and execution by Employee, this Contract shall take effect on May 18, 2026 ("Effective Date"), and shall remain in effect until terminated as provided in Section 4, below.

SECTION 4 - TERMINATION AND SEVERANCE PAY

A. General Manager understands and expressly agrees that he has no constitutionally protected property right or interest in his employment as General Manager, and that the full terms and conditions of his at-will employment are expressed herein.

B. The General Manager shall serve at the will and pleasure of the District Board of Directors and may be terminated by such Board without cause. In the event the General Manager is terminated without cause, the General Manager shall receive a lump sum cash payment ("Severance Pay") equal to six (6) months' base salary and the employee's cost of maintaining coverage for that period of the District-paid benefits specified in Section 10A in effect as of the date of termination. In addition to Severance Pay, District shall pay General Manager for his accrued but unused vacation time, but not for unused sick leave nor administrative leave, if any.

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The District shall deduct all normal withholdings required by law with respect to any amounts paid under this paragraph.

C. In the event General Manager is terminated for good cause, as defined herein, the General Manager shall be entitled only to salary earned, but not paid, as of the date of termination; and payment for any accrued vacation, but not for unused sick leave or administrative leave, if any. Additionally, the General Manager will receive any benefits that are lawfully required to be continued for the duration required by law. General Manager shall not be entitled to any other compensation, including, without limitation, any severance compensation. For purpose of this Contract, "good cause" shall be at the reasonable discretion of the Board and shall include, but not necessarily be limited to, any of the following:

1. Any material breach by the General Manager of any term or provision of this Contract;
2. General Manager's failure to perform his/her duties in a professional and responsible manner consistent with generally accepted standards of the profession;
3. General Manager's malfeasance in office;
4. Conduct unbecoming the position of General Manager or likely to bring discredit or embarrassment to District;
5. Conviction of a misdemeanor involving moral turpitude;
6. Conviction of any felony;
7. Engaging in illegal business practices in connection with the District's business;
8. Misappropriation or misuse of the District's assets;
9. Excessive unexcused absences of the General Manager from his/her employment; or
10. Failure to perform or habitual neglecting of the duties which he/she is required to perform under this Contract.

D. In the event General Manager voluntarily resigns his position with District, General Manager shall give the Board at least thirty (30) calendar days advance written notice, unless the parties otherwise agree in writing to a different notice period. In the event General Manager voluntarily resigns his position with District, the General Manager shall be entitled only to all salary earned, but not paid as of the effective date of resignation, and payment for any accrued vacation time, but not to any other payment or severance benefit.

E. If this Contract is terminated by District for good cause pursuant to paragraph C above and it is later determined that the termination was wrongful, such termination shall automatically be converted and treated as a Termination Without Cause under Section 4B above, and the General Manager shall be entitled to receive only amounts payable as referenced in Section 4B above.

SECTION 5 - SALARY

A. District agrees to pay the General Manager for his/her services rendered pursuant hereto an annual salary of two-hundred fourteen thousand dollars (\$214,000) payable in equal installments at the same time as other employees of the District are paid. The annual salary shall be subject to normal withholdings with respect to amounts paid.

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B. Following the first six (6) calendar months of service, and annually thereafter, District will perform a salary review and consider adjustments in compensation annually based upon the results of a performance evaluation and/or any significant changes in duties and responsibilities. The first such performance evaluation would take place in December of 2026 and, at the conclusion of a satisfactory or better performance evaluation, the General Manager shall be entitled to a salary adjustment of 3.2% at that time, to be effective January 1, 2027. This Section 5B shall not be interpreted to require the Board to approve any salary adjustment in any subsequent year. The Board will consider future compensation adjustments annually based on the results of annual performance evaluations and the general financial status of the District.

C. The District Board of Directors may amend the salary amount set forth in this Section 5 by Board Action as an item on the agenda at a regular open meeting of the Board, without formally amending this Contract. This subsection 5C shall not be deemed a commitment to any future adjustment in salary or benefits.

SECTION 6 - HOURS OF WORK

The General Manager's position is classified as exempt under the Fair Labor Standards Act and California law, and he is expected to engage in those hours of work that are necessary to fulfill the obligations of the General Manager's position. The General Manager does not have set hours of work as the General Manager is expected to be reasonably available at all times, and may work in excess of ten (10) hours per day and/or forty (40) hours per week, or at times outside normal office hours such as attendance at Board meetings, without additional compensation.

SECTION 7 - PERFORMANCE REVIEW

A. The Board shall conduct an annual performance review of the General Manager in December of each year. For the first performance evaluation in 2026, the District shall retain a mutually agreeable facilitator to conduct a "360 degree" evaluation. For subsequent evaluations, the General Manager and the Board shall meet and confer to determine the appropriate evaluation format.

B. The Board of Directors reserves the right, in its discretion, to review General Manager's performance at any time.

SECTION 8 - OUTSIDE PROFESSIONAL ACTIVITIES

General Manager, with prior written approval of the President of the Board of Directors, may undertake limited outside professional activities for compensation, including teaching, speaking, and writing, provided such activities do not interfere with General Manager's normal duties and are not performed for any existing vendors or contractors of District. Under no circumstances shall such outside activities create a real or perceived conflict of interest with the duties of General Manager and the interests of District.

SECTION 9 - PROFESSIONAL DEVELOPMENT

A. As part of its normal budget process and reserving the right to establish appropriate priorities and funding amounts, District shall consider General Manager's requests

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for funds for certain items, activities and materials deemed necessary and desirable for the General Manager's continued professional development, participation, growth and advancement. Those items, activities and materials may include:

1. Professional dues and subscriptions necessary for full participation in appropriate and relevant associations and organizations;
2. Travel and subsistence expenses for professional meetings and similar functions (e.g., short courses, conferences, seminars) to foster professional development;
3. Other items, activities and materials, as shall be agreed upon from time to time between General Manager and Board President.

B. Expenditures for items in this Section shall be within the District's budgeted amounts for the appropriate category unless otherwise pre-approved by Board President. All books, subscriptions and other items obtained pursuant to paragraph A above shall be in the name of the District and at all times shall remain the exclusive property of the District.

C. General Manager shall receive prior Board approval for travel and subsistence expenses to courses, conferences, and seminars conducted outside the State of California.

SECTION 10 - BENEFITS

A. Subject to District Resolution 2024-12 or any subsequent resolution applicable to the District's employees, District agrees to pay for 100% of the cost of the CalPERS "Gold" medical plan for General Manager and his dependents. General Manager shall be entitled to the same dental and vision benefits as are offered to the other District employees.

B. District agrees to contribute a total of \$7,500 annually to the District's 457 Deferred Compensation Plan on behalf of General Manager. This contribution shall be paid monthly during each calendar year in which this Contract is in effect, and shall be terminated as of the date of any termination of this Contract.

C. District agrees to pay the employer portion of the CalPERS contribution based on the current CalPERS retirement plan for which the General Manager is eligible. If the District Board of Directors amends the Retirement Plan for existing employees, then such amended plan shall apply to the General Manager.

D. District shall provide a term life insurance policy with a death benefit of \$100,000 for the General Manager at the District's expense. Death benefit amounts decrease after employee reaches age 65.

SECTION 11 - LEAVES

A. Vacations:

1. Paid vacation days shall accrue at the rate of 1 and 2/3 of a working day per month of paid employment (20 days/year).

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2. In addition to normal accruals, as provided herein, on the Effective Date, General Manager shall be credited with a "bank" of forty (40) accrued vacation hours.
3. General Manager shall not carry over more than three hundred twenty (320) hours of vacation leave in any calendar year. Once the maximum vacation accrual is reached, vacation time will no longer be accrued. Once the vacation accrual is below the maximum, vacation accrual will again start to accumulate. General Manager may "cash out" up to forty (40) accrued vacation hours each year.
4. General Manager shall not schedule more than two (2) weeks of vacation (fourteen (14) successive calendar days) during any thirty (30) day period without prior approval of the Board President.
5. General Manager's vacation shall not be scheduled when it would leave the District without appropriate management.

B. Sick Leave: General Manager shall accrue, and have credited to his/her personal account, sick leave at the rate of one (1) working day per month cumulative to a maximum accrual of one hundred eighty (180) working days, after which no sick leave shall be accrued.

C. Holidays: Subject to job constraints, the General Manager may take the following days as holidays: New Year's Day, Martin Luther King, Jr. Birthday, President's Day (third Monday in February), Memorial Day, Independence Day, Labor Day, Veteran's Day, Thanksgiving Day, the Friday in November immediately following the day designated as Thanksgiving Day, the day immediately preceding the day designated as Christmas Day and Christmas Day. The General Manager may take two (2) floating holidays per calendar year. Unused floating holidays shall not be accumulated and carried over from one year to the next. The District will take all reasonable steps to accommodate employee requests to utilize floating holidays to avoid the loss of floating holiday leave. Any unused floating holidays from the current year shall be cashed out upon separation from employment.

D. Bereavement Leave: The General Manager may use accumulated vacation time and administrative leave for Bereavement Leave, or may take an unpaid leave of absence not to exceed five (5) days with the approval of the Board President.

E. Administrative Leave: The General Manager shall be entitled to five (5) administrative leave days with pay per calendar year. Administrative leave cannot be accumulated or carried over one calendar year to the next. Administrative leave shall not be scheduled when it would leave the District without appropriate management.

SECTION 12 - AUTOMOBILE AND CELL PHONE SERVICE

A. The District shall reimburse the General Manager for his use of a personal automobile for business purposes in the amount of \$100 per month. General Manager shall not be further reimbursed for mileage, fuel or any other automobile expense, and shall be solely responsible for maintaining mileage and other records as required by the IRS.

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B. The District shall reimburse the General Manager up to \$90.00 per month for the cost of cellular telephone service to facilitate business communications when the General Manager is away from District facilities.

SECTION 13 - AUTOMOBILE INSURANCE

A. General Manager shall procure and maintain motor vehicle liability insurance coverage, on an "occurrence basis", with companies authorized to do business in the State of California, with coverage of no less than five-hundred thousand dollars (\$500,000) per accident.

B. The automobile insurance policy shall be endorsed to include the District, its officers, directors, employees and agents as Additional Insureds.

C. General Manager shall provide District with a Certificates of Insurance evidencing compliance with the foregoing requirements, accompanied by copies of the required endorsements. Certificates of Insurance shall specify that the insurer shall give District thirty (30) days advance written notice by the insurer prior to cancellation of the policy except ten (10) days for nonpayment of premium.

D. The automobile insurance coverage required hereunder shall be kept in full force and effect for the term of this Contract. Certificates of Insurance evidencing renewal of the required coverage shall be provided within ten (10) days of the expiration of any policy at any time during the period such policy is required to be maintained by General Manager hereunder.

SECTION 14 - OTHER CONDITIONS OF EMPLOYMENT

The District may set other terms and conditions of employment as it may determine from time to time, relating to performance of General Manager, provided such terms and conditions are not inconsistent with or in conflict with the provisions of this Contract, or any Federal, State or local law.

SECTION 15 - JURY DUTY

The District General Manager will receive full pay and benefits while serving on a trial jury. Any court derived compensation for such Jury Duty (except travel pay) shall be returned to the District.

SECTION 16 - NOTICES

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

1. Los Osos Community Services District
Attn: President of the Board of Directors
2122 9th Street, Suite 110
Los Osos, CA 93402

2. Greg Kwolek
[ADDRESS AND EMAIL ADDRESS ON FILE]

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Alternatively, notices required pursuant to this Contract may be personally served in the same manner as is applicable to civil judicial process. Notice shall be deemed given as of the date of personal service or as of the third day following the date of deposit of such written notice in the course of transmission in the United States Postal Service, with postage fully prepaid.

SECTION 17 - INDEMNIFICATION

A. In accordance with and to the extent provided by California's Tort Claims Act (Government Code Sections 825 *et seq.* and Government Code Sections 995-996.5), the District shall defend and indemnify the General Manager against any and for all losses sustained by the General Manager in direct consequences of the discharge of the General Manager's duties on the District's behalf for the period of the General Manager's employment, so long as the General Manager was acting within the course and scope of his employment when the losses occurred.

B. Nothing in this Contract shall expand the District's defense and indemnification obligations beyond those provided in Government Code Sections 825, *et seq.* and Government Code Sections 995-996.5.

SECTION 18 - GENERAL PROVISIONS

A. General Manager shall comply with all local and state laws and regulations regarding conflicts of interest and shall avoid personal involvement in a situation which is inconsistent or incompatible with a position of General Manager or could give rise to the appearance of impropriety.

B. The terms of this Contract are intended by the parties as a final expression of their Contract as to its subject and may not be contradicted by evidence of any prior Contract or contemporaneous oral Contract. The parties further intend that this Contract constitutes the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial or arbitration proceeding, if any, involving this Contract. Any amendments to this Contract must be in writing and executed by both parties.

C. In the event of General Manager's death, General Manager's heirs, legatees, devisees, executors or legal representatives shall be entitled to (a) all salary earned, but not paid; and (b) payment for any accrued vacation time. General Manager's heirs, legatees, devisees, executors or legal representatives shall not be entitled to any other compensation from the District, including, without limitation, any severance compensation.

D. If any term, covenant, condition or provision of this Contract is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

E. This Contract shall be governed by the laws of the State of California. The parties agree that in the event any legal action is taken to enforce/interpret any provisions of this Contract, said action shall be filed in the court of proper jurisdiction within the County of San Luis Obispo.

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F. The parties acknowledge that they understand the significance and consequences of this Contract. The parties also acknowledge that they have been given full opportunity to review and negotiate this Contract and execute it only after full reflection and analysis, and that they have had an opportunity to review this document and its application and meaning with their respective attorneys and advisors. This Contract shall not be interpreted against the party who prepared the initial draft, because all parties participated in the drafting of this Contract by having ample opportunity to review and submit suggested changes or corrections for incorporation into the final version of this Contract.

G. This Contract shall be binding upon and shall inure to the benefit of the prospective heirs, executors, administrators, successors and assigns of the parties, provided however that the District General Manager may not assign obligations hereunder.

H. General Manager shall not assign this Contract in whole or in part.

I. The above Recitals are true and correct and incorporated herein by reference.

J. This Contract may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument, and shall be governed by the laws of the State of California. The parties agree to accept electronic signatures.

IN WITNESS WHEREOF, the parties hereto have executed this Contract on the below identified dates.

GENERAL MANAGER

DISTRICT

Greg Kwolek

Matthew Fourcroy, President

DATE: _____, 2026

DATE: _____, 2026

APPROVED AS TO FORM:

Craig A. Steele, District Legal Counsel