



July 5, 2019

TO: LOCSO Board of Directors
FROM: Jeff Minnery, District Legal Counsel

SUBJECT: Agenda Item 7B – 7/11/2019 Board Meeting
Consider and Discuss the Appointment/Employment of Ron Munds as General Manager and Compensation and Fringe Benefits of General Manager

President
Marshall E. Ochylski

Vice President
Charles L. Cesena

Directors
Matthew D. Fourcroy
Vicki L. Milledge
Christine M. Womack

General Manager
Renee Osborne

District Accountant
Robert Stilts, CPA

Unit Chief
Scott M. Jalbert

Battalion Chief
George Huang

DESCRIPTION

On July 11, 2019, your Board will consider providing a 30-day Notice of Termination of Agreement for Consulting Services with Grace Environmental Services. Assuming the Board takes action to terminate Grace Environmental Services, the District will be without a General Manager on or about Saturday, August 10, 2019. The District Board of Directors has met with Ron Munds and has determined that he is a highly qualified candidate to serve as General Manager. Ron Munds desires to work as the District's General Manager and has requested an annual salary of \$150,000 plus standard CalPERS contributions and health insurance for himself and one dependent. Mr. Munds will be available to begin working on August 12, 2019.

SUMMARY OF STAFF RECOMMENDATION

If the Board determines to appoint Mr. Munds as General Manager and makes a final determination as to compensation and fringe benefits, the motion would be as follows:

Motion: I make a motion to appoint Mr. Munds as General Manager pursuant to the terms and conditions as outlined in the Employment Agreement attached hereto as Exhibit A, and authorize the President of the Board to Execute the Employment Contract.

DISCUSSION

Mr. Munds has over thirty (30) years of experience working in the public sector at both the local and state level. He is currently a Utility Division Manager with the County of San Luis Obispo and directly responsible for approximately 60 employees. Mr. Munds' current division provides operation and maintenance support for the Lopez dam and distribution system, the Nacimiento Pipeline Project, Los Osos Water Reclamation Facility, three County Service Areas which supply drinking water, three Community Service Areas which collect and/or treat wastewater, in addition to the administration of State Water contracts.

In the course of his career, Mr. Munds has worked with multiple state agencies including the Central Coast Regional Water Quality Control Board, the Department of Water Resources, and the State Water Resources Control Board. Mr. Munds spent the bulk of his career working as a Utilities Services Manager for the City of San Luis Obispo where he served for approximately twenty-six (26) consecutive years.

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Some of Mr. Munds' accomplishments are as follows:

- Project Manager for drafting and submitting to the Department of Water Resources the City of San Luis Obispo's Urban Water Management Plan in 1995, 2000, 2005 and 2010.
- Project Manager for developing and implementing the City of San Luis Obispo's energy management policy.
- Project Manager overseeing a design/build contract to provide energy upgrades to the City of San Luis Obispo's Water Reclamation Facility in 2003.
- Member of the project team that developed and implemented the City of San Luis Obispo's volume-based sewer rates.
- Member of the project team that developed, implemented and updated the City of San Luis Obispo's Storm Water Management Plan in 2003, 2008 and 2013.
- Project Manager for updating the City of San Luis Obispo's Water and Wastewater Element (water and wastewater policies) to the General Plan in 2010.
- Project Manager for the 2005, 2012 and 2014 water and wastewater rate studies.
- Project Manager for updating the City of San Luis Obispo's water and wastewater development impact fees 2013.
- Member of project team overseeing the development of the City of San Luis Obispo's Water and Recycled Water Master Plans in 2013.
- Lead author and project manager for the development of twelve 2015 Urban Water Management Plans representing agencies throughout the state.
- Project Manager for developing and negotiating contracts to deliver recycled water to community of Los Osos in 2018.

Mr. Munds has lived in Los Osos for over forty years. He is a current and active member of the Los Osos CSD Utilities Advisory Committee.

FISCAL IMPACTS

The proposed compensation is \$150,000 annually, plus CalPERS contributions and health benefits.

RECOMMENDATION

If the Board of Directors determines to engage Mr. Munds as General Manager:

- (1) Approve the appointment of Ron Munds as District General Manager.
- (2) Approve the attached employment agreement with Mr. Munds.

Attachment

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

This EMPLOYMENT AGREEMENT (“Agreement”) is made by and between the Los Osos Community Services District (“District”) and Ron Munds (“General Manager”).

In consideration of the mutual promises and covenants contained in this Agreement and with the intent to be legally bound, the following is agreed as follows:

1. TERM OF EMPLOYMENT

1.1 Title. Ron Munds shall act as the General Manager of the District.

1.2 Term. Subject to earlier termination as provided in this Agreement, the General Manager shall be employed as General Manager for a three (3) year term beginning August 12, 2019 and ending August 12, 2022. This Agreement may be extended in one-year increments by written agreement between the District and the General Manager. In the absence of any such written extension, the Agreement shall terminate at the end of its then current term.

1.3 Status. General Manager shall be an at-will contract employee serving at the pleasure of the Board of the District and shall have no right of tenure as a result of this contractual relationship, and General Manager shall have no so-called *Skelly* rights.

2. EMPLOYMENT RESPONSIBILITIES

2.1 Full Time and Best Efforts. The District agrees to employ General Manager as its Chief Administrative Officer, and in such other management capacities as are consistent with his position as Chief Administrative Officer, as requested from time to time by the Board of Directors of the District (the “Board”). During the term of this Agreement, General Manager will devote General Manager’s full business time and use General Manager’s best efforts to advance the business and welfare of the District and will not engage in any other employment or business activities for any direct or indirect remuneration that would be directly harmful or detrimental to, or that may compete with, the business and affairs of the District, or that would materially interfere with General Manager’s duties hereunder. Notwithstanding the foregoing, General Manager may serve, for compensation, as a lecturer, consultant to others, and engage in other activities of a short duration which do not materially interfere with the General Manager’s ability to perform General Manager’s responsibilities under this Agreement. In all such cases, the General Manager shall inform the Board of such activities. The Board shall have the right to direct the General Manager to cease any such activities which it determines, in the Board’s sole discretion, to unreasonably interfere with the performance of the General Manager’s duties hereunder, or are otherwise detrimental to the District.

2.2 Duties and Authority.

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.
4. The supervision of the District's finances.
5. Additional duties as assigned by the Board that are reasonably related to the business of the District.

C. The General Manager shall also act 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 Codes and Ordinances if applicable.
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.

D. General Manager agrees to perform the functions and duties specified in Subsections A, B, and C, the duties as identified in Exhibit A, and to perform other legally permissible and proper duties and functions as the District's Board of Directors shall from time to time assign without additional compensation. Both parties acknowledge that specific duties of the General Manager may vary from time to time.

2.2.1 Authority to Hire. The General Manager shall have full and exclusive authority to hire, compensate, and terminate any District staff within the framework and salary levels established in the Board's approved budget and policies for the District. All of General Manager's District staff shall have written evaluations prepared with salary increase

recommendations supported by work performance. The General Manager shall provide staff salary information to the Board as required or requested.

2.2.2 Retention of Legal Counsel. In consultation with the Board and District legal counsel, the General Manager shall have authority to retain outside legal counsel and other consultants for the District.

2.2.3 Presence at Meetings. At the discretion of the Board, the General Manager shall be available to attend all meetings of the Board and any committee of the Board, when requested to do so.

3. COMPENSATION

3.1. Salary. General Manager shall be paid a salary of \$150,000 per year, payable consistent with District's payroll practices for exempt employees. The base salary may be increased in accordance with actions of the Board, at such time and in such manner as the Board elects, in its sole and absolute discretion. Such increases, if any, shall be based upon merit and performance.

3.2. Retirement Contribution. The District agrees to enroll General Manager in the California Public Employees Retirement System (CalPERS) and to pay employee's contribution to the Public Employees Retirement System.

3.3. Communications Allowance. The District shall pay the General Manager \$90 per month for work-related communications expenses. General Manager will provide and maintain communications services and be regularly available to respond to work-related communication via phone, email, text, etc.

4. BENEFITS

4.1. Medical/Health Plans. General Manager is entitled to inclusion in the District's available group health insurance plan. The District shall pay the cost of said insurance for General Manager and one dependent at no cost to the General Manager.

4.2. Time Off.

4.2.1. Vacation. General Manager shall accrue vacation at the rate of 160 hours/20 days per year. Accrued vacation may be taken at the discretion of the General Manager in consultation with the Board and in accordance with established vacation policies in force at the time. Earned vacation may be accrued to a maximum of 2.0 times the annual accrual (320 hrs). Unused vacation hours may be sold back to the District by General Manager at General Manager's then-current hourly rate, determined by dividing General Manager's annual salary by 2,080 hours (52 weeks x 40 hours). Vacation time is accrued immediately upon employment and shall be used at the discretion of the General Manager with consultation of the Board.

4.2.2. Sick Time. General Manager shall be provided initially with 96 hours (12 days) of sick leave and will accrue an additional 96 hours annually on the anniversary date of this Agreement with a maximum accrual of 200 hours. At separation from employment, General Manager will receive a payout of 50% of accrued sick time.

4.2.3. Administrative Leave. General Manager shall be entitled to 5 days of administrative leave annually. Administrative Leave must be used in the fiscal year given and does not carry over.

4.2.4. Holidays. The District observes the following paid holidays:

New Year's Day
Martin Luther King Day
The third Monday in February
Memorial Day
Independence Day
Labor Day
Veteran's Day
Thanksgiving Day & Day Following
Christmas Eve
Christmas Day

5. EXPENSE REIMBURSEMENT

5.1. General Expenses. The District shall reimburse General Manager for all reasonable expenses incurred by General Manager in the performance of General Manager's duties under this Agreement and in accordance with the budget policies established by the District, including mileage reimbursement at the rate established by the IRS.

5.2. Attendance at Conferences/Events. General Manager shall be permitted to attend relevant conferences, seminars and other such meetings, the reasonable cost of which shall be paid by the District, with prior written approval of the Board. The District shall reimburse General Manager in accordance with its customary expense reimbursement policies and procedures for expenses incurred by General Manager in the execution of his duties under this Agreement.

6. EVALUATION

No later than December of each calendar year that this Agreement is in effect, the District shall evaluate and assess the performance of the General Manager. Such evaluation shall relate to the duties and responsibilities of the General Manager under this Agreement and General Manager's progress toward established goals.

7. CONFIDENTIALITY AGREEMENT.

The General Manager shall sign a Confidentiality Agreement to be presented to General Manager concurrently with this Agreement in the form attached to as Exhibit B.

8. BINDING EFFECT OF AGREEMENT

This Agreement shall be binding upon the parties and the respective heirs, executors, administrators, successors, and assigns.

9. AMENDMENT AND TERMINATION

9.1. Mutual Agreement. This Agreement may be altered, amended, or terminated at any time by the mutual written agreement of the General Manager and the Board.

9.2. At-Will Employment. General Manager understands that the General Manager shall at all times remain an at-will employee, and General Manager may resign or District may terminate General Manager's employment with or without cause by delivering written notice to the other party. Notwithstanding General Manager's at-will employment status, in the event of termination of General Manager's employment, the terms of this Paragraph 9 shall apply.

9.3. Termination for Cause. The Board may terminate the General Manager's employment with the District at any time for "Cause" (as defined below), immediately on written notice to the General Manager of the circumstances leading to termination for Cause. If the General Manager's employment is terminated for Cause, General Manager shall only receive payment for all accrued salary and vacation through the termination date, and other appropriate benefits under the District's benefit plans through the termination date. The District shall have no further obligation to pay any compensation of any kind (including, without limitation, any severance payment), or to make any payment in lieu of notice. All benefits provided by the District to the General Manager under this Agreement or otherwise shall cease on the termination date except for any benefits required by law. The term "Cause" shall mean the occurrence or existence of any of the following with respect to the General Manager as determined by a majority vote of the Board:

9.3.1. A material breach by the General Manager of this Agreement;

9.3.2. The repeated material breach by General Manager of any duty referred to in Exhibit A;

9.3.3. Any material act of dishonesty, misappropriation, embezzlement, intentional fraud, or similar conduct by the General Manager involving the District;

9.3.4. The conviction or the plea of nolo contendere or the equivalent in respect of a felony or other crime involving moral turpitude; or

9.3.5. Conduct by the General Manager that in the good faith determination by a majority of the Board demonstrates unfitness to serve as an employee of the District.

9.4. Termination by District for Reasons Other Than Cause. The District may terminate this Agreement for reasons other than Cause as follows:

9.4.1. Upon sixty (60) days' prior written notice to the General Manager, provided that, in its discretion, the District may place General Manager on paid administrative leave during this period; or

9.4.2. Upon the bankruptcy or dissolution of the District; or

9.4.3. If the General Manager shall, by reason of illness or physical or mental incapacitation for a period of ninety (90) days or more (collectively "Disability"), as determined by a licensed health care professional, and subject to applicable disability accommodation law, fails to reasonably perform in an active capacity the services required of General Manager under this Agreement.

9.5. Termination Compensation. In the event of termination by the Board pursuant to Section 9.4.1, 9.4.2, or 9.4.3, the District shall pay to General Manager as severance pay, an amount equal to three (3) months of General Manager's then-current monthly base salary (but no other benefits payments), either in a lump sum or payouts over regular pay periods, at the discretion of the District. Such payment shall be contingent upon General Manager executing a release of claims in a form provided by the District.

9.6. Termination by General Manager. In the event of termination of this Agreement by General Manager, prior to the end of the then-current term, by resignation, retirement, or death, there shall be no termination compensation except for salary through the termination date, vested benefits, if any, retirement or health programs, payment of accrued and unused vacation, as provided herein, or as otherwise provided under this Agreement or by law. Such payment shall be made to General Manager or General Manager's beneficiaries, heirs, or estate.

9.7. Rights and Obligations After Notice of Termination. If the General Manager gives notice of termination of this Agreement under Section 9.6, or if it becomes known that this Agreement will otherwise terminate in accordance with its provisions, the District may, at its sole discretion and subject to its other obligations under this Agreement, relieve the General Manager of General Manager's duties as Chief Administrative Officer under this Agreement and put General Manager on paid administrative leave or assign the General Manager to other reasonable duties and responsibilities consistent with General Manager's experience and skills, to be performed until the termination becomes effective.

9.8. Duty of Cooperation After Termination. The General Manager agrees to cooperate with the District, during the term of this Agreement and thereafter (including following the General Manager's termination of employment for any reason), by being reasonably available to testify at the request of the District in any action, suit, or proceeding, and by providing information and meeting and consulting with the Board or its representatives or counsel, as

reasonably requested. The District shall reimburse the General Manager for all reasonable travel expenses actually incurred in connection with such cooperation.

10. AUTOMOBILE INSURANCE ON PERSONAL VEHICLES USED FOR DISTRICT BUSINESS

10.1. 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 for personal vehicles used for District business.

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

10.3. Prior to commencing work under this Agreement, General Manager shall provide the District with a Certificate 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 the District thirty (30) days advance written notice by the insurer prior to cancellation of the policy except ten (10) days for non-payment of premium.

10.4. The automobile insurance coverage required hereunder shall be kept in full force and effect for the term of this Agreement. 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. Any failure to comply with this requirement shall constitute a material breach of this Agreement.

11. OTHER PROVISIONS

11.1. Waiver. Waiver by either party of any term or condition in this Agreement or any breach shall not constitute a waiver of any other term or condition or breach of this Agreement.

11.2. Applicable Law Arbitration. This Agreement shall be governed in accordance with the laws of the State of California in every respect. Any controversy or claim arising out of, or relating to, this Agreement, or the making, performance, or interpretation thereof, shall be resolved by way of arbitration, consistent with an Arbitration Agreement to be signed by General Manager, in the form attached as Exhibit C.

11.3. Copyright. Any reports, maps, documents, or other materials produced in whole or in part under this Agreement shall be the property of the District, and shall not be subject to any application for copyright by or on behalf of General Manager.

11.4. Notices. Any notice or communication permitted or required by this Agreement shall be in writing and may be made by personal delivery to General Manager or to the Board President, or, if delivered by mail, shall become effective two (2) days after mailing by certified mail, return receipt requested, postage prepaid addressed as follows:

11.4.1. If to District, to: Board President, at the then-current business address for the District.

11.4.2. If to General Manager, at the address then of record on the personnel and payroll records of the District.

11.5. **Entire Agreement.** This Agreement contains all of the terms agreed upon by all parties with respect to the subject matter of this Agreement and supersedes all prior agreements, arrangements, and communications between the parties concerning such subject matter, whether oral or written. This Agreement may only be amended by a written instrument signed and dated by all parties and approved by resolution of the Board.

11.6. **Drafting.** This Agreement shall be interpreted as if it had been drafted by both parties concurrently and equally and shall not be interpreted against either party by virtue of that party having primarily drafted the Agreement.

GENERAL MANAGER

**LOS OSOS COMMUNITY SERVICES
DISTRICT**

Ron Munds

By: _____
Board President

Date: _____

Date: _____

CHAPTER SEVEN – JOB DESCRIPTION

7000 – GENERAL MANAGER

1. DEFINITION

Under policy direction of the Board of Directors, the General Manager manages and controls District works and operations and provides day-to-day leadership for the District. The General Manager plans, organizes, coordinates and supervises all District functions and activities related to the production and distribution of potable water; the collection, treatment and disposal of wastewater; drainage, street lighting and other functions of the District; provides policy guidance and program evaluation to staff and elected officials; encourages and facilitates improvement in the provision of services to customers by District staff; fosters cooperative working relationships with intergovernmental and regulatory agencies, various public and private organization and District staff; acts as Secretary to the Board of Directors; performs related work as assigned. This position has full-time management status, and is FLSA exempt.

2. CLASS CHARACTERISTICS

The employee in this class is the Chief Executive Officer of the District, serving at the pleasure of and accountable to the Board of Directors for all staff functions and activities, within policy guidance and applicable state and federal laws and regulations.

3. TYPICAL TASKS (Illustrative Only)

- A. Plan, organize, coordinate and administer, either directly or through subordinate supervisors, the work of the District in accordance with the adopted goals and objectives of the Board of Directors and applicable laws and regulations.
- B. Direct and coordinate the development and implementation of goals, objectives, policies, procedures and programs for the District; administrative policies, procedures and work standards to assure that goals and objectives are met and that programs provide mandated services in an effective and efficient manner.
- C. Prepare and administer the annual budget for the District; review all District expenditures; provide financial management for the District.
- D. Act as staff for the Board of Directors; advise the Board on issues and programs; prepare and recommend long-range plans for District funding and service provisions and direct the development of specific proposals for action regarding current and future District needs.
- E. Assure that appropriate notice of Board meetings is posted and that other legal notification requirements are met.

- F. Attend all meetings of the District's Board and such other meetings as the Board specifies from time to time.
- G. Represent the Board and the District in contacts with governmental agencies, community groups and various business, professional and legislative organizations and District customers; act as a District liaison with the media.
- H. Direct and review special studies; provide for contract services as required and administer various service, construction and equipment contracts; sign and accept development plans and specifications for conformance with District standards on behalf of the District.
- I. Provide for the selection of District staff; administer discipline as required; provide guidance and direction to staff regarding policies and procedures in a motivating environment.
- J. Delegate authority at his/her discretion and has authority over all employees including terminating for cause.
- K. Prepare a variety of correspondence, policies, procedures, reports, minutes and other written materials.
- L. Maintain and direct the maintenance of working and official District files.
- M. Assure that the Board is kept informed of District program and financial status and of legal, social and economic issues affecting District activities.
- N. In concert with the District Counsel, monitor changes in the law and operational process changes that may affect District operations; implement operational and procedural modification as required.
- O. Attempt to resolve all public and employee complaints.
- P. Encourage citizen participation in the affairs of the District.
- Q. Supervise and perform a variety of duties related to the recording, classifying, examining and analyzing of District financial transactions, and associated data and records.
- R. Supervise and perform a variety of duties relating to maintenance of the District's accounting system by interpreting, supplementing and revising the system as necessary.
- S. Supervise and perform a variety of duties relating to the resolution of customer problems, and providing information requested by customers and other members of the public having an interest in District affairs.
- T. Serve as the District Treasurer upon appointment by the Board of Directors.
- U. Oversee the District's investment policy.
- V. Oversee the District's personnel policies, including vacation and comp time scheduling.
- W. Supervise and maintain the District's various insurance policies to ensure appropriate coverage.
- X. Supervise and maintain the District's Fixed Asset and Inventory records.
- Y. Manage and coordinate staff efforts to comply with contracts.

4. EMPLOYMENT STANDARDS

Knowledge of:

- A. Administrative principles and practices, including goal setting, program development, implementation and evaluation, and the supervision of employees.
- B. Principles, practices and procedures of public administration in a special district setting.

- C. Functions, authority, responsibilities and limitations of an elected Board of Directors.
- D. Principles and practices of potable water production, treatment and distribution. (Desirable)
- E. Principles and practices of wastewater treatment and disposal. (Desirable).
- F. Human resource, personnel policies and labor negotiation process in a public agency setting.
- G. Applicable legal guidelines and standards effecting District operations.
- H. Techniques for dealing with a variety of individuals from various socio-economic, ethnic and cultural backgrounds, in person and over the telephone, occasionally when relations may be confrontational or strained.
- I. Contracts and Proposals

Skill in:

- A. Planning, organizing, administering, coordinating, reviewing and evaluating a variety of District programs and activities.
- B. Managing water and wastewater processes. (Desirable)
- C. Implementing long term capital projects.
- D. Working cooperatively with and accomplishing implementation of the policies of an elected Board of Directors.
- E. Developing and implementing short and long term goals, objectives, policies, procedures, work standards and internal controls.
- F. Developing and administering an annual budget.
- G. Interpreting, applying and explaining complex laws, codes and regulations.
- H. Preparing clear and concise reports, correspondence and other written materials.
- I. Reading and interpreting plans, specifications and engineering documents.
- J. Using initiative and independent judgment within general policy guidelines.
- K. Making public presentations and conducting public hearings.
- L. Using tact, discretion and prudence in dealing with those contacted in the course of the work.
- M. Contract administration

Physical Characteristics:

Must possess the following or with reasonable accommodation be able to perform equivalent functions:

- A. Vision to read printed materials and a computer screen.
- B. Hearing and speech to interact in person and on the telephone.
- C. Mobility to work in a standard office environment, use standard office equipment, inspect District facilities in the field and to drive a motor vehicle.

Working Conditions:

- A. Attend meetings outside of normal working hours.

Licensing and Certification:

- A. Must possess a valid California class C driver's license and have a satisfactory driving record.
- B. Must be bondable by District's fidelity bond insurer.

Education and Experience:

Equivalent to graduation from an accredited four-year college or university, with a bachelor's degree or higher in Public Administration or a related field and five (5) years of experience in an increasingly responsible public agency management position.