

## GENERAL MANAGER EMPLOYMENT AGREEMENT

THIS GENERAL MANAGER EMPLOYMENT AGREEMENT ("Agreement") is made and entered into effective as of the 1<sup>st</sup> day of July, 2024, by and between SAN ELIJO JOINT POWERS AUTHORITY, a public entity, ("SEJPA") and MICHAEL T. THORNTON ("Employee" or "General Manager"). Employee and SEJPA shall be referred to collectively as the "Parties" and individually as "Party."

### RECITALS

WHEREAS, as SEJPA's General Manager, Employee has successfully guided SEJPA in its mission of providing high quality, cost-effective programs of wastewater treatment, ocean outfall management, and recycled water production and distribution; and

WHEREAS, SEJPA and Employee desire that Employee continue to do so; and WHEREAS, SEJPA and Employee have reached agreement on the terms and conditions for his employment; and

WHEREAS, Employee commenced employment with SEJPA on October 9, 2000 as Assistant General Manager. He was promoted to the position of General Manager on December 12, 2002.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, it is hereby agreed as follows:

1. Duties:

a. Employee shall serve as General Manager of SEJPA on a full-time basis during the term of this Agreement, as that position is defined in the joint powers agreement establishing SEJPA, and as further described in Exhibit A, hereto, as amended by the SEJPA Board of Directors from time to time. In addition, Employee shall perform those duties which are customarily performed by General Managers of like organizations, and such other duties as the SEJPA Board of Directors may, from time to time, assign to him.

b. During the term of this Agreement, Employee may engage in work outside his regular work schedule at SEJPA, provided that said outside work is not prohibited by Government Code section 1126. Specifically, Employee shall not engage in any employment, activity, or enterprise for compensation which is inconsistent, incompatible, in conflict with, or inimical to his duties as a local agency officer or employee or with the duties, functions, or responsibilities of his appointing power or SEJPA. Further, the Employee shall not perform any work, service, or counsel for compensation outside of his local agency employment where any part of his efforts will be subject to approval by

any other officer, employee, board or commission of SEJPA. Prior to undertaking or committing to undertake any outside work, Employee must inform the Board of Directors in writing of the nature of the outside work and obtain Board consent, which shall not be unreasonably withheld.

2. Term of Employment: This Agreement shall commence on July 1, 2024 and continue for a term of two (2) years, or until June 30, 2026, unless terminated earlier in accordance with this Agreement. Employee's employment with SEJPA shall be on an "at-will" basis, and may be terminated by either SEJPA or Employee at any time and for any reason, with or without cause or advance notice. The at-will nature of the employment relationship between SEJPA and Employee shall not be changed or modified except through a writing signed by the Chairperson of SEJPA's Board of Directors, and by Employee.

a. Termination of Employment: Should SEJPA terminate Employee, whether with or without cause, SEJPA shall, subject to Employee's signing and returning a full release in a form satisfactory to SEJPA, together with any SEJPA property in Employee's possession, custody, and control, pay to Employee a lump sum amount equal to one-half of his annual base salary within 10 working days of the date such release becomes irrevocable by Employee. Any such payment will be paid within the 'short term deferral window' as that term is defined by Internal Revenue Code Section 409A, and in no event will any such payment be paid any later than the last day of the second taxable year of Employee following the termination. SEJPA shall, in addition, pay for the full cost of COBRA premiums for coverage for Employee and, if applicable, his spouse (so long as she remains married to Employee) and dependent children who were covered under the SEJPA group health plan on the date of Employee's termination, for a period of six months after the date of termination; provided, however, that SEJPA will only be obligated to pay such COBRA premiums if Employee properly elects and obtains COBRA coverage. The availability, duration and scope of such COBRA coverage will be solely as required by applicable federal law. SEJPA will cease to be obligated to pay Employee's COBRA premiums under this clause (and those for his spouse and dependent children, if applicable) when Employee secures other employment and becomes eligible for health coverage, even if he remains eligible for COBRA coverage. For the purposes of this paragraph, base salary means the base salary in effect at the time of Employee's termination from employment and does not include any incentive increment, vacation, sick leave, pension contributions, health benefits or any other employee benefit.

3. Compensation:

a. Base Salary. Employee will receive a base annual salary of \$275,000, commencing as of July 1, 2024, and \$283,000 commencing as of July 1, 2025, which may be adjusted by the SEJPA Board of Directors during future performance reviews.

Prior to June 30 of each fiscal year of this Agreement, SEJPA will review

employee's performance, based upon goals and objectives agreed upon between Employee and the SEJPA Board of Directors, and give employee a written evaluation of his overall achievement of those goals and objectives and management of SEJPA. The Board of Directors will consider Employee's performance when determining whether Employee shall be granted any increases in his base compensation, or any other compensation.

The General Manager is eligible for an additional discretionary performance-based bonus of upto \$5,000, for the period of July 1, 2024 through June 30, 2025, payable in June 2025, and for the period of July 1, 2025 through June 30, 2026, payable in June 2026, subject to the approval of the Board of Directors on or before June 30 of each year.

b. Benefits. Employee shall be entitled to participate in medical, dental, life and disability insurance plans, cafeteria plan, health care, dependent care reimbursement and deferred compensation plan on the same basis as employees subject to Resolution 2022-06 attached hereto, or any superseding Resolution, except as noted herein. A listing of Employee's benefit and compensation package, including the generally available SEJPA employee benefit plans for which Employee is eligible, during the term of this Agreement, is attached hereto as Exhibit B. This Exhibit B may be updated periodically to reflect changes in Employee's compensation and benefits package from year to year.

c. Sick and Vacation Leave. It is the intent of the parties that Employees shall be entitled to at least the same level of sick and vacation leave as other full-time employees of SEJPA, based upon his years of service to SEJPA. Employee shall be entitled to seven weeks (280 hours) of vacation leave and be entitled to sick leave as prescribed by Resolution 2022-06 and as required by federal and state law, or any superseding Resolution, provided that, notwithstanding the provisions of that resolution: (1) Employee may not take vacation leave in increments of less than one half day; (2) Employee may not take sick leave in increments of less than two hours; and (3) the calculation of conversion of sick and vacation leave to cash, if any, shall be based upon the Base Salary set forth above, and assume that Employee works a 2080 hour annual schedule. For purposes of this section a full day shall be considered to be 8 hours.

d. CalPERS Retirement Plan. Employee shall be entitled to participate in the California Public Employees Retirement System program based on section 21354.4, 2.5% at 55 full formula, as provided in Resolution 2022-06, or any superseding Resolution. The Board reserves the right to adjust the retirement component of the General Manager's contract for the period beginning July 1, 2024 through June 30, 2026.

e. Exceptions to Resolution 2022-06. To the extent permitted by law, the applicable benefit levels described in Resolution 2022-06 shall not be reduced for Employee during the term of this Agreement, notwithstanding the expiration of that resolution as of June 30, 2019.

f. Reimbursement of Expenses. Employee shall be reimbursed for

all reasonably necessary expenses incurred in the performance of his duties, in accordance with the adopted policies of SEJPA. Employee shall be entitled to an annual car allowance of \$7,200, to compensate and reimburse Employee for all costs of leasing, owning, operating, repairing and maintaining a vehicle available to the Employee for the conduct of his duties.

4. Confidentiality: Employee agrees that, during the Term of this Agreement and thereafter, Employee will keep confidential any non-public information which he obtains from SEJPA or any subsidiaries, members of the Board of Directors or affiliated entities, now or hereafter existing or created, concerning their properties, assets, proprietary assets, copyrights, business methods and trade secrets. Notwithstanding the foregoing limitations, Employee shall not be required to keep confidential any information that (i) is known or available through other lawful sources not known by the Employee to be bound by a confidentiality agreement with SEJPA, (ii) is or becomes publicly known or generally known in the industry through no fault of the Employee, (iii) is requested or required to be disclosed pursuant to any governmental authority, law or regulation, or (iv) is reasonably related to the Employee's performance of his duties as an employee of (or as otherwise assigned to the Employee by) SEJPA.

5. Withholding of Taxes: Employee shall be responsible for the payment of any taxes and/or assessments imposed on account of payment of any amounts hereunder to Employee pursuant to this Agreement, including, without limitation, federal and state income taxes, state unemployment insurance taxes, federal social security (FICA) payments, state disability insurance taxes, and other taxes. SEJPA shall withhold from any and all amounts payable to Employee pursuant to this Agreement all federal, state, and local taxes which SEJPA determines are required to be withheld in accordance with applicable statutes and/or regulations from time to time in effect. All such deductions and withholdings shall be deemed to have been paid to and received by Employee.

6. Waiver of Breach: The waiver by either Party, or the failure of either Party to claim a breach of any provision of this Agreement, shall not operate or be construed as a waiver of any subsequent breach.

7. Assignment: The rights and obligations of the respective Parties hereto under this Agreement shall inure to the benefit of and shall be binding upon the heirs, legal representatives, successors and assigns of the parties hereto; provided, however, that this Agreement shall not be assignable by either Party without prior written consent of the other Party.

8. Entire Agreement: This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the subject matter hereof and contains all of the covenants and agreements between the parties with respect to said subject matter in any manner whatsoever. Any modification of this Agreement will be effective only if it is in writing and signed by both Employee and the Chairperson of SEJPA Board of Directors.

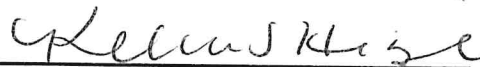
9. Governing Law: This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of California.

10. Partial Invalidity: If any provision of the Agreement is held to be invalid or unenforceable by any court or tribunal of competent jurisdiction, the remainder of this Agreement shall not be affected by such judgment, and such provision shall be carried out as nearly as possible according to its original terms and intent to eliminate such invalidity or unenforceability unless such partial invalidity or unenforceability would defeat an essential business purpose of the Agreement.

11. Legal Representation; Independent Counsel: Employee is aware of his right to obtain separate legal counsel with respect to the negotiation and execution of this Agreement and acknowledges that SEJPA has recommended that Employee retain his own counsel for such purpose. Employee further acknowledges that he (i) has read this Agreement and its exhibits and attachments; (ii) has had the opportunity to retain separate counsel in connection with the negotiation and execution of this Agreement; and (iii) has relied on the advice of separate counsel with respect to this Agreement or made the conscious decision not to retain counsel in connection with the negotiation and execution of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered the day and year first above written.

**SAN ELIJO JOINT POWERS AUTHORITY**

By: 

Kellie Hinze, CHAIRPERSON

**EMPLOYEE**

By: 

Michael T. Thornton, GENERAL MANAGER

## EXHIBIT B

### GENERAL MANAGER'S COMPENSATION AND BENEFITS

**JULY 1, 2024 TO JUNE 30, 2026**

Base Salary:

1. \$275,000 effective July 1, 2024
2. \$283,000 effective July 1, 2025

Discretionary Cash Bonus (non-base building): Up to \$5,000 merit bonus payable in June of each year of this Agreement.

1. Annual Car Allowance: \$7,200
2. Cell Phone Allowance: \$100/month
3. Benefits that are currently provided to employees of SEJPA generally:
  - a. PERS Retirement Benefits; as set forth in Resolution 2022-06, or superseding resolutions or Board of Directors actions effective after January 1, 2022.
  - b. Participation in the SEJPA 457(b) and 401 (a) plans.
  - c. Participation in the SEJPA employee incentive program.
  - d. Participation in the SEJPA medical, dental & vision insurance programs.
  - e. Employee Assistance Program.
  - f. 8 hours of sick leave per month.
  - g. 7 weeks of vacation leave annually (as defined as a 40-hour work week)
  - h. Administrative leave (if any) as set forth in Resolution 2022-06, or superseding resolutions.
  - i. Life insurance benefits.
  - j. Short term and long term disability benefits
  - k. Tuition Reimbursement and Professional Seminar costs. (subject to general employee policy limits)

- I. Flexible Spending Accounts
- m. Option to convert vacation or sick leave to cash (as set forth in Resolution 2022-06, or superseding resolutions).
- n. 12 paid holidays per year- 10 as set by SEJPA and 2 floating.

This **Exhibit B** Listing the General Manager's Compensation and Benefits for July 1, 2024 - June 30, 2026 was approved on June 18, 2024, at a regular meeting of the San Elijo Joint Powers Authority Board of Directors, by the following vote:

AYES: Hinze, Becker, Blackwell, Zito


NOES:

ABSTAIN:

ABSENT:

This document has not been amended, modified, or rescinded since the date of its adoption.

**Attest**

By:   
Board Secretary

