

General Manager Total Compensation and Benefits

(for calendar year ended December 31, 2010)

	<u>GM</u> <u>Compensation</u>	<u>Workers'</u> <u>Comp</u>	<u>Medicare</u>	<u>PERS ER</u>	<u>PERS EE</u>	<u>Medical</u>	<u>Dental</u>	<u>Vision</u>	<u>EAP</u>	<u>Life/LTD</u>	<u>Auto</u>	<u>Total</u> <u>Benefits</u>	<u>Total Benefits &</u> <u>Compensation</u>
<u>General Manager</u> Ken Vecchiarelli	\$ 160,400.00	1,344.63	\$ 2,325.80	17,618.34	\$ 11,228.00	\$ 13,037.76	\$ 988.92	\$ 240.26	\$ 30.42	\$ 811.86	\$ 4,877.00	\$ 52,502.99	\$ 212,902.99

**EMPLOYMENT AGREEMENT
FOR POSITION OF GENERAL MANAGER**

This Employment Agreement (Agreement) is made by and between the Yorba Linda Water District (District), a County water district created and operating pursuant to the provisions of Division 12 commencing with Section 30000 of the Water Code of the State of California, acting by and through its Board of Directors (Board), and its current General Manager, Kenneth R. Vecchiarelli (Vecchiarelli or General Manager).

RECITALS

- A. District is responsible for the construction, operation and maintenance of a potable water delivery system which provides service to residential, municipal, commercial, industrial and agricultural customers located within its sphere of influence. In addition, the District is responsible for the construction, operation and maintenance of a sewerage collection system which also serves residential, municipal, commercial and industrial customers within its sphere of influence.

- B. In order for the District to insure that its responsibilities to the health and safety of the public are met at all times, District must attract and retain in its employ a General Manager, who exhibits a high degree of knowledge, experience, technical ability, professionalism, and qualities of leadership necessary to meet District objectives.

- C. Vecchiarelli assumed the duties of the General Manager by Board authorization and appointment on December 23, 2008, and is willing to continue to serve in this capacity upon such terms and conditions as set forth herein.

- D. The Board desires assurance of the continued association and services of Vecchiarelli in order to retain his knowledge, skills and abilities, and therefore desires to retain his services as General Manager based upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and promises set forth herein, the parties agree as follows:

1. Term of Employment. The Board hereby agrees to continue to employ Vecchiarelli, and Vecchiarelli agrees to continue to serve as General Manager of the District. The term of this Agreement shall be to and including December 31, 2013, and shall be renewable upon mutual agreement of the parties. Each year, on or before February 12 (Anniversary Date) the Board will review the performance of the General Manager for consideration of an equitable merit increase.

2. Duties and Obligations of Employee. Vecchiarelli shall continue to serve as the General Manager of the District. In that capacity, Vecchiarelli shall faithfully discharge the duties as set forth in the California Water Code, the District's most recently adopted Rules and Regulations for Water and Sewer Service, and the most recently adopted Rules and Regulations, Policies, Resolutions and Ordinances of the Board. Vecchiarelli's duties shall be as set forth in the District approved job description for General Manager, and shall include, among other things, overseeing the administration, operation and construction activities of the District, and such other duties and responsibilities as may be delegated or prescribed from time to time by the Board. Precise duties, responsibilities and services of General Manager may be extended or curtailed from time to time at the direction of the Board of Directors. Vecchiarelli shall devote his full time labor and attention to District employment during the term of this Agreement; provided, however, that he may use reasonable time for professional development, education, charitable and professional activities which do not materially interfere with the services required under this Agreement.

3. Employee Compensation. Vecchiarelli shall be paid an annual base salary in the amount of one hundred sixty thousand, one hundred forty dollars (\$160,140), payable in twenty-six equal bi-weekly installments. When only a portion of a period

is served, compensation shall be prorated. It is expressly understood that Vecchiarelli's salary shall be reviewed in February of each year, with the expectation that General Manager's salary will be adjusted in order to reflect a competitive compensation rate consistent with General Manager's performance of District duties and responsibilities; provided however, that such salary adjustment shall not reduce General Manager's salary below the amount provided for herein. In addition to salary, District shall provide General Manager with the same fringe benefits relating to retirement, group health, dental, vision, life insurance, disability, EAP and deferred compensation options, as specified in the most recently adopted Personnel Rules and Regulations and in the most recently approved Employee Compensation Letter and Pay Plan for Management Employees, each as modified from time to time and as adopted or approved by the Board. These benefits shall take effect at the same time and in the same manner as for all other employees. General Manager shall be entitled to holidays, vacation, sick leave and compensatory time off, as established from time to time by the District's Personnel Rules and Regulations and the Employee Compensation Letter and Pay Plan for Management Employees, each as modified from time to time and as adopted or approved by the Board.

4. Automobile Reimbursement. It is expected that General Manager will be required to use his own vehicle in connection with his duties and responsibilities, including being available 24 hours per day when practical to respond to emergency situations. As reimbursement for automobile expenses, General Manager shall be paid \$550 per month payable in monthly installments. When only a portion of a month is served, reimbursement shall be prorated. It is expressly understood that this reimbursement shall be reviewed in February of each Budget year, with the expectation that it will be adjusted in order to reflect a competitive compensation rate; provided however, that such adjustment shall not reduce the reimbursement below the amount provided for herein. Alternatively, Mr. Vecchiarelli may continue to use a District vehicle for work related purposes and for the purposes of commuting to and from work in lieu of the aforementioned automobile

reimbursement.

5. Reimbursement for Professional and Civic Affiliations, Professional Development and Continued Education.

(a) Professional and Civic Affiliations and Professional Development.

(i) Subject to the Board's discretion to adopt and amend the budget, District agrees to pay for professional dues and subscriptions on behalf of General Manager which are reasonably necessary, as determined by the Board, for the General Manager's continuation and full participation in national, regional, state or local associations and organizations necessary and desirable for General Manager's continued professional participation, growth and advancement, or for the good of the District. Furthermore, District shall pay for any additional professional dues and subscriptions as may be approved by the Board from time to time. District further recognizes that certain expenses of a non-personal and generally job-affiliated nature may be incurred by the General Manager, including participation in civic and other local organizations, and hereby agrees to reimburse or pay said general expenses.

(ii) Subject to the Board's discretion to adopt and amend the budget, District agrees to pay the travel and subsistence expenses of General Manager for official travel, meetings and events reasonably necessary to continue the professional development of General Manager and reasonably necessary to fulfill official and other functions for the District, all as determined to be reasonable and necessary by the Board.

Such meetings and events may include, but are not limited to, the annual and semi-annual conferences of the Association of California Water Agencies, the American Water Works Association, the American Society of Civil Engineers, and other national, regional, state and local conferences of governmental groups and committees in which General Manager may participate from time to time.

(b) Continued Education. The District agrees to reimburse General Manager for all costs associated with continuation education credits, courses and the pursuit of an advanced degree or degrees, if and when such costs are approved in advance by the Board.

6. Other General Expenses. Subject to the Board's discretion to adopt and amend the budget, the Finance Director (or other designated employee) is hereby authorized to disburse funds as needed to fulfill all provisions of this Agreement upon receipt of duly executed timesheets, expense or petty cash vouchers, receipts, statements or personal affidavits. The District shall continue to bear the full cost of any fidelity or other bonds required of General Manager under any law or ordinance.

7. Performance Evaluation

(a) The Board and General Manager may annually define such goals and objectives for the District which they determine necessary for the proper operation of the District in the attainment of the Board's policy objectives, and the Board and General Manager may further establish a priority among those various goals and objectives to be reduced to writing. The process of considering the establishment and priority of goals and objectives of the District shall be conducted and completed generally in February of each year. However, within sixty (60) days of

the Effective Date the Board shall define goals and objectives put them in writing and they shall be deemed to be Exhibit "B" to this Agreement ("Goals and Objectives").

- (b) The Board, following informal and nonbinding consultation with General Manager, shall periodically establish goals and objectives regarding the performance of General Manager. The Board shall review and evaluate the performance of the General Manager at least once annually. Notwithstanding any term or provision of this Agreement to the contrary, General Manager shall serve at the will and pleasure of the Board, and the Board shall be entitled to terminate the employment of General Manager without cause.

8. Termination of Agreement. Board may terminate this Agreement without cause by giving General Manager one hundred eighty (180) days written notice (Notice of Termination); provided, however, that in the event General Manager willfully breaches any of his duties and responsibilities or District rules and regulations, or commits any act involving moral turpitude which could bring District into disrepute or is unable to perform the duties as described herein, this Agreement may be immediately terminated, without Severance Payment, by the Board of Directors by action taken at a duly-convened meeting. General Manager may terminate this Agreement upon ninety (90) days written notice to the District. In lieu of Notice of Termination, the Board may pay General Manager a lump sum severance equivalent to six months of the base salary current at the time of termination (Severance Payment). Severance Payment shall be made within fourteen calendar days of the effective date of such termination.

9. General Provisions.

- a. Any notice required to be given to District under this Agreement shall be addressed to the President of the Board of Directors as follows:

Personal and Confidential
Yorba Linda Water District
P.O. Box 309
Yorba Linda, CA 92885-0309

Any notice required to be given to General Manager under this Agreement shall be addressed to him at his last known address as reflected in the District's personnel records.

- b. If any provisions of this Agreement are held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force and effect without being impaired or invalidated in any way.
- c. This agreement shall be deemed to include any terms or conditions required by law.
- d. This Agreement may be amended in writing at any time by mutual agreement of the parties hereto.
- e. This contract becomes effective August 26, 2010 (Effective Date).

YORBA LINDA WATER DISTRICT


William R. Mills, President

Date: August 26, 2010

GENERAL MANAGER


Kenneth R. Vecchiarelli, General Manager

Date: August 26, 2010