

**EMPLOYMENT AGREEMENT
(DISTRICT MANAGER)
(SCOTT CARROLL)**

On this 9th day of December, 2009, the Costa Mesa Sanitary District, a sanitary district established pursuant to Health and Safety Code Section 6400 *et seq.*, ("District") and Scott Carroll ("Manager") mutually agree as follows:

RECITALS

WHEREAS, District desires to employ the services of Scott Carroll as Manager of the District; and

WHEREAS, Scott Carroll desires to be employed by the Board of Directors of District in the capacity of Manager; and

WHEREAS, the District's Board of Directors, having the authority to hire and appoint a Manager, and Scott Carroll desire to agree in writing to the terms and conditions of Manager's employment in that capacity;

NOW, THEREFORE, the parties agree as follows:

AGREEMENT

1. DUTIES

A. District hereby agrees to employ Scott Carroll as the Manager of the District to perform the functions and duties of Manager as specified by District ordinances, rules and regulations, and as the Board of Directors may determine, and to perform such other legally permissible and proper duties and functions as the Board of Directors may from time to time assign.

B. Manager understands that he is to provide all services required by this Agreement for the compensation set forth and, as the District's chief executive employee, is not entitled to overtime under the Fair Labor Standards Act.

2. TERM AND NATURE OF EMPLOYMENT

A. The term of this agreement shall commence ~~December 20, 2009~~ ^{January 4, 2010} and shall continue until terminated by either party in accordance with the provisions set forth herein or as otherwise permitted by law. ARB

B. Manager shall serve at the pleasure of, and at the will of, the Board of Directors. Manager shall have no property right to the job of Manager and shall be

entitled to no due process or hearing rights before termination. Notwithstanding said relationship, Manager shall have the rights set forth in this Agreement in the event of termination of employment.

C. Manager agrees to remain in the exclusive, full-time employ of District during the term of this agreement, and neither to accept other employment nor to become employed by any other employer until termination of employment hereunder. The term of employment hereunder shall not be construed to prevent Manager from occasional teaching, writing or consulting performed on Manager's time off and not inconsistent with his duties as Manager hereunder. Manager shall keep the District's Board and District Counsel informed of any other employment, which may conflict with Manager's duties hereunder.

3. TERMINATION AND SEVERANCE PAY

A. In the event the Board of Directors determines to terminate Manager, it agrees to give him eighty (80) days notice of its intention to do so. The Board of Directors shall then have the option of allowing Manager to work for said one hundred eighty (180) days, or may advise Manager that he is relieved of all duties.

B. In the event that the Board of Directors determines to discontinue employment of Manager and to relieve him/her of all duties, and during such time that Manager is willing and able to perform his duties under this Agreement, District agrees to pay Manager, in addition to any other amounts that may be due Manager at the time of separation of employment, payment equal to six (6) months aggregate salary and benefits which District may elect to pay in a lump sum or monthly for a period of six (6) months, subject to the following conditions.

C. Such severance pay will only be used to compensate Manager for such time that he is not gainfully employed in a comparable position with another employer.

D. No severance pay will be provided if Manager's employment is discontinued because of his conviction of a felony or commission of any wrongful act involving personal gain to him, just cause, insubordination or malfeasance.

4. SALARY

A. Effective ^{January 4, 2010} ~~December 20, 2009~~ ^{ARB}, District agrees to pay Manager for his services rendered hereunder a base salary of One Hundred Fifty Thousand Dollars (\$150,000.00) per year in installments at the same time as other employees of the District are paid.

B. In addition, the District agrees that the Board of Directors, shall annually evaluate Manager's performance and may consider adjustments to said base salary and/or other benefits of Manager in such amounts and to such extent as the Board of Directors may determine is desirable and appropriate.

5. PERFORMANCE EVALUATION

A. The District shall review and evaluate the Performance of Manager in advance of the adoption of the annual operating budget, and at least annually thereafter in advance of said adoption, and at such other time or times as the parties deem appropriate. Said review and evaluation may be in accordance with specific criteria developed by the Board of Directors in consultation with Manager. Said criteria may be added to or deleted from as the Board of Directors may from time to time determine, in consultation with Manager. Further, the results of said evaluation shall be memorialized in writing and provided to Manager and all members of the Board of Directors.

B. Annually, the Board of Directors, in consultation with Manager, shall define such goals and performance objectives, which they determine necessary for the proper operation of the District and in the attainment of the Board's policy objectives and shall further establish a relative priority among those various goals and objectives to be reduced to writing. They shall generally be attainable within the time limitations as specified in the annual operating budget and appropriations provided.

C. In effecting the provisions of this section, the Board of Directors and Manager mutually agree to abide by the provisions of applicable law.

6. HOURS OF WORK AND VACATION

It is recognized that Manager must devote substantial time in addition to the normal office hours to the business of the District. In recognition of this fact, District does hereby grant Manager the following vacation benefit:

A. Vacation bank. Beginning on the date of hire, Manager shall be provided with a bank of vacation equating to three (3) work weeks (15 days at 8-hour days). Said vacation shall vest and become Manager's property once Manager has worked three months.

B. Vacation accrual. In addition to said vacation bank, Manager shall begin accruing regular vacation in accordance with District rules on vacation accrual and shall thereafter earn vacation accordingly. Manager shall begin accruing on the first day of employment.

7. HEALTH INSURANCE

From the effective date of this agreement, the District agrees to obtain or place in effect and make any required premium payments for health insurance benefits for Manager, including standard coverage for accidents, sickness, other medical and dependent group insurance coverage, including hospitalization, surgical and comprehensive medical insurance. The coverage provided under this paragraph by the District shall be deemed satisfied if the District provides group medical insurance coverage equal to or as a part of the health insurance coverage provided to other District employees of the District pursuant to policies or other enactments as may be established by the Board of Directors from time to time. The District shall pay the same portion of the premium as is paid for District employees.

8. RETIREMENT

District participates in the Public Employees Retirement System, and Manager shall be entitled to participate and to have the District pay such share of retirement contribution as is provided for other employees.

9. SUBSCRIPTIONS AND PROFESSIONAL FEES AND DEVELOPMENT

It is anticipated that Manager will participate in such associations and organizations as may be necessary and desirable for his continued professional participation, growth and advancement, and for the good of the District. In that connection, the District shall pay for or reimburse Manager for all approved expenses and fees incurred in that connection. Manager shall also be entitled to payment or reimbursement for travel, meetings and subsistence expenses as are reasonably necessary to continue the professional development of Manager and to adequately pursue necessary official and other functions for the District and other management, national, regional, state and local governmental groups and committees thereof which Manager serves as a member, with concurrence of the Board of Directors. District also agrees to pay for necessary and related expenses of Manager for short courses, institutes and seminars necessary for his professional development and the good of the District, with the concurrence of the Board of Directors. The Board of Directors will consider during preparation and adoption of its budget those expenses reasonably necessary, and as may be reasonably available for the purposes of this section.

10. VEHICLE ALLOWANCE

Manager shall be provided with a Four Hundred Dollar (\$400.00)-per-month automobile allowance. Manager shall keep his vehicles fully insured.

11. OTHER TERMS AND CONDITIONS OF EMPLOYMENT

A. The Board of Directors, in consultation with Manager, shall fix any such other terms and conditions of employment as it may determine from time to time, relating to performance of Manager, provided such terms and conditions are not inconsistent with or in conflict with the provisions of this agreement, District ordinances, or any other law.

B. All provisions of the District's other ordinances and regulations and rules of the District (including, but not limited to, District's Personnel Rules and Administrative Regulations) relating to other fringe benefits and working conditions as they may now exist or hereafter may be amended, shall also apply to Manager as they would to any other salaried employee of the District to the extent such benefits and conditions are not already provided for in this agreement.

12. NOTICES

All notices pertaining to this Agreement shall be in writing and addressed as follows:

To District: Arlene Schafer, President
Board of Directors
Costa Mesa Sanitary District
628 West 19th Street
Costa Mesa, California 92627

To Consultant: Mr. Scott Carroll


13. ASSIGNMENT

This agreement is not assignable by either the District or Manager, and services of Manager may not be delegated hereunder.

14. GENERAL PROVISIONS

A. The text herein shall constitute the entire agreement between the parties.

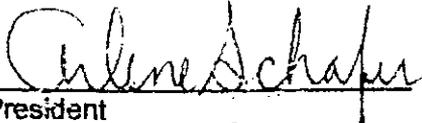
B. This agreement shall be binding upon the parties, and their heirs, executors and successors in interest.

C. This agreement shall become effective December 9, 2009, upon execution of the parties hereto.

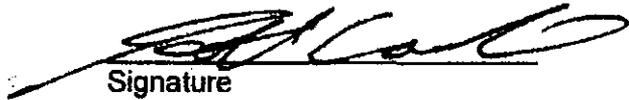
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

COSTA MESA SANITARY DISTRICT

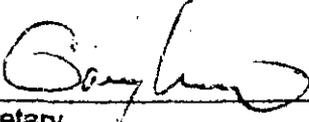
SCOTT CARROLL



President



Signature



Secretary

APPROVED AS TO FORM:



District Counsel