

MEMORANDUM

Date: November 21, 2018
To: Board of Directors
From: Mark Pecotich, Board President
Subject: Consider Approval of General Manager's Employment Agreement Amendment 1

RECOMMENDED ACTION

Approve the proposed first (1st) Amendment to the Employment Agreement for the General Manager and the Board to authorize the Board President to sign the amendment on behalf of the District.

BACKGROUND

In the November Board meeting, the Board of Directors, including Board President Pecotich, met in closed session and were provided a draft Amendment No. 1 to the Employee Agreement for the General Manager prepared by a subcommittee of the Board of Directors, composed of Directors Merchant and Clark, who were authorized by the Board to enter into negotiations with the General Manager. Consistent with that direction, the Board President and General Manager have reached agreement on the terms of the amendment, all subject to approval by the Board. The proposed amendment is attached. The key provisions of the amendment are as follows:

- The General Manager's annual salary is to be increased by \$6,600 to \$171,600, retroactive to September 30, 2018 at such time certain objectives and tasks as outlined in the Amendment No. 1 have been presented to the directors at a Board meeting with certain tasks completed including the preparation of certain plans, and confirmation that he has initiated implementation of those plans.

Provided these terms are acceptable to the Board, it is recommended that the Board approve the amendment to the General Manager's employment agreement in the form presented, and that the Board authorize the Board President to sign the amendment on behalf of the District.

AMENDMENT NO. 1

**TO RANCHO MURIETA COMMUNITY SERVICES DISTRICT
GENERAL MANAGER EMPLOYMENT AGREEMENT**

THIS AMENDMENT TO AGREEMENT is entered into on November 21, 2018, by and between the Rancho Murieta Community Services District, a public agency ("District"), and Mark Martin, an individual ("Employee"), who agree as follows:

1. Recitals. This Amendment is made with reference to the following background recitals:

1.1. On September 6, 2017, the parties entered into the Rancho Murieta Community Services District General Manager Employment Agreement (the "Agreement"), which is on file in the District office.

1.2. The parties now desire to amend the Agreement to modify Employee's salary, subject to Employee's satisfaction and completion of certain performance objectives.

2. Amendments to Agreement. The parties amend the Agreement as follows:

2.1. General Manager Objectives. In addition to his usual duties, Employee shall perform, undertake, and satisfy the following objectives and tasks:

A. Hire a qualified Director of Administration (DOA) within the established District salary range and issue a news release at the November 2018 Board meeting that explains the DOA's qualifications and job responsibilities.

B. Create and implement a management improvement plan, in consultation with the DOA, that includes these components:

(1) Confirm the roles, responsibilities, and tasks of the District management personnel (General Manager, DOA, Accounting Supervisor, Controller, Security Chief, District Secretary, and Director of Field Operations) and clarify the respective job requirements and expectations.

(2) Identify appropriate training where warranted.

(3) Set the prioritization (e.g., 'high,' 'medium,' 'low') of the established job requirements and expectations and employee accountability to ensure completion of the District needs relative to daily operations, implementation of and compliance with the District Code and applicable regulations, forthcoming labor negotiations, and annual goals.

C. Create and implement a plan to identify and immediately address and resolve outstanding and open inquiries and pending accounts receivable and payable relating to new development activity. The plan shall be prepared in consultation with affected developers, Director of Field Operations, Director of Administration, and District Engineer.

The plan shall include new procedures, protocols, or standards to establish long-term, future operational processes intended to reduce reoccurrence of current issues.

D. Create and implement a plan for the continued engagement and collaboration with community entities (e.g., Rancho Murieta Association, Murieta Village Association, area developers) to define the various security-related roles, responsibilities, and expectations (e.g., leading joint security action plan consistent with the District's security role), and report the status and outcomes to the Board on a quarterly basis. The plan shall include reference to 'as required' coordination of other community entities as the need arises.

When completed, Employee shall present the actions and plans responding to and addressing items A, B, C and D above to the Board and review them with the directors at one or more Board meetings. Presentation of the actions and plans and confirmation by Employee that he has hired the DOA and initiated implementation of the plans under items B, C and D shall constitute achievement of these four objectives.

2.2. Conditional Salary Increase. Upon satisfactory completion and achievement of the four objectives and tasks set forth in section 2.1 as determined by the Board, Employee's salary (Agreement section 6(a)) shall be increased to \$171,600 per year, effective retroactive to September 30, 2018.

3. No Effect on Other Provisions. Except for the amendments in section 2, the remaining provisions of the Agreement are unaffected and remain in full force and effect.

EMPLOYER

EMPLOYEE

Mark Pecotich, President

Mark Martin

Attest:

Suzanne Lindenfeld, Board Secretary



Rancho Murieta Community Services District

15160 Jackson Road • P.O. Box 1050 Rancho Murieta, CA 95683 • 916-354-3700 • Fax 916-354-2082

Visit our website www.rmcsd.com

On behalf of the Rancho Murieta Community Services District (RMCS D) Board of Directors, we would like to thank Mark Martin for his one year of service to the District that amounted to many long workdays and busy weekends.

Learning the RMCS D General Manager's job is a very challenging one as we've discovered watching Mark this past year come-up to speed on daily operations, District code, myriad single-purpose agreements, statewide policy/regulations, forthcoming negotiations and staff functions. Unlike other Districts, Rancho Murieta is unique in that the RMCS D has core duties like water, waste water, drainage and solid waste, but we have this additional, very complex element – Security. As top community amenity and a key RMCS D service function, security demands attention at all times and is challenged by staff turnover, high customer expectations and the need of responding to a growing community. We can share that our General Manager spends the overwhelming majority of his time working security related topics as well as human resource concerns. We are now supporting a \$6.5 million annual business operation, managing \$56 million in plant, property and assets with a small staff of 38 employees. Any normal business would be hard-pressed to do the job of a business this size with such a small team.

In the past under prior General Managers and Boards, it could be viewed in retrospect that the District has not put the right operational structure and financial funding mechanisms in-place to support the District's long-term needs – such as adequate staffing and appropriately saving for reserves to fund replacement of aging infrastructure. Another challenge with our past is continuing to live in an old operational model established by two decades of nearly the same leadership. Change is both rewarding and more often than not, very challenging when you are experiencing it. Setting expectations of staff and navigating the "that's the way we've always done things" operational models while attempting to evolve can stress any organization. We know and respect that some staff will choose to stay employed with the District in this time of evolutionary change and some may not – and know that we are indeed moving our community's future forward under Mark's leadership.

The hiring of a new Director of Administration (DOA) is necessary to help attend to our human resource and operational governance demands while affording Mark the time to support RMCS D's annual goals, community development, relationships with local, regional and statewide stakeholders and the overall strategic direction of the District. We also now have a permanent Security Chief in-place to work security related needs and provide direction based on the outcomes of the security study and resurrection of the Joint Security Meetings and those initiatives.

Growth has arrived, and it is needed. Our community is not finished. And if we want to achieve a favorable outcome for our community and the developers, we need to continue to work together with all local entities and Sacramento County to accomplish our combined success. The RMCS D has a primary role in considering that all interests of the community and the developers are addressed, and it has been challenging for Mark to focus on these needs while supporting DOA functions, security concerns and still learn the job.

The 2019 General Manager contract for Mark recognizes the needs of the RMCS D and our community over the next year. It focuses on his responsibility and incentive in planning and meeting those needs accordingly. He has learned a lot in his first year, and there's always more to learn in navigating and negotiating in the District's best interests. We appreciate the community's support of the RMCS D, and we look forward to Mark's continued leadership and focus in providing quality services for our community and residents.

Sincerely,

Mark Pecotich
Board President, RMCS D

Serving the Community for over 30 years

Board of Directors: Mark Pecotich, *President* • Morrison Graf, *Vice-President* • Les Clark • John Merchant • Gerald Pasek
General Manager • Mark Martin



RANCHO MURIETA COMMUNITY SERVICES DISTRICT (RMCS D)

PRESS RELEASE

November 21, 2018

**ANNOUNCING THE APPOINTMENT OF TOM HENNIG AS DIRECTOR OF
ADMINISTRATION**

Tom Hennig will be joining the Rancho Murieta Community Service District as the Director of Administration beginning November 26th, 2018. Tom brings to the District over 29 years of combined experience in local government programs and finance. He has served the public in a variety of administrative roles during his tenure with the City of Stockton and the County of San Joaquin.

As Director of Administration, Tom will provide needed depth in support of and as backup for the General Manager and staff, maintaining a comprehensive understanding of the entire District's operations and directly overseeing District-wide administrative functions. While tasked with overseeing day-to-day personnel matters, financials/accounting, technology and customer service, he will identify and implement opportunities to improve customer service and enhance organizational capacity and culture. Working closely with the General Manager, he will immediately focus on organizational review, planning and training for all key District administrative roles and responsibilities. This will greatly assist the General Manager in evolving our District to a new model of effective and efficient operation supporting our District customers, staff and administrative needs.

Tom was raised in Cheyenne, Wyoming. One of seven children, he developed a love of family, sports and the outdoors. After completing a bachelor's degree in Economics at the University of Utah, Tom worked for 4 years in hospitality management services before discovering a passion for serving the public.

He started his public service career at San Joaquin General Hospital where he oversaw the implementation of a variety of programs tied to Cigarette Tax funding of special health care initiatives. Tom later served as the budget manager and technology coordinator for the San Joaquin County Sheriff for more than twelve years. He was responsible for budgets over 25 divisions and for modernizing the Sheriff's patrol fleet with mobile computers and portable fingerprint identification equipment.

Tom then moved to the City of Stockton Police Department where he managed a budget in excess of \$100 million. During that time, he assisted in the successful navigation of the department through the City's Chapter 9 bankruptcy filing. This responsibility included designing innovative financial programs to increase revenue and reduce costs which resulted in a reduction in police officer layoffs. Tom also managed the development of programs to implement, support and administer a city-wide camera surveillance network of more than 300 cameras.

(OVER)

In 2012, Tom became the Technology Officer for the City of Stockton where he was responsible for operations and customer service support for over 1,600 city employees across 13 departments. While Technology Officer, Tom managed a staff of 48 personnel responsible for support of mission-critical technology initiatives, training, finance and administration, IT security, technology recovery planning, and applications development. Tom designed and implemented major organizational restructuring of the IT organization and service delivery models.

Tom's commitment to public service extends to working with the community and youth, primarily through his 30 years as a leader and member of the Stockton Seaport and Sunrise Rotary Clubs. Tom coached and was a manager with Sunrise Stockton Little league for 8 years. His love of sports includes fly fishing, boating and golf.

Professional and Civic Involvement

- National Institute of Justice, Biometric Technology Work Group (TWG) – 2003 to 2012
- Department of Homeland Security, Biometric Technology Work Group –2006 to 2014
- Stockton Seaport/Sunrise Rotary Clubs – March 1989 to 2017

Education

BS Degree in Economics, Emphasis in Business, from University of Utah