

**SAN GORGONIO PASS WATER AGENCY  
EMPLOYMENT AGREEMENT – GENERAL MANAGER/CHIEF  
HYDROGEOLOGIST**

This Employment Agreement (herein “Agreement”) is made and entered into as of the 13th day of July 2020, by and between SAN GORGONIO PASS WATER AGENCY (“Agency”) and LANCE ECKHART (“Employee”).

**RECITALS**

WHEREAS, Agency wishes to engage the services of Employee as the General Manager/Chief Hydrogeologist of Agency and to induce Employee to remain in such position on the terms and conditions set forth in this Agreement;

WHEREAS, Employee is familiar with the position’s legal requirements, industry standards and responsibilities and duties set forth in the job description as adopted by Agency and as described in “The Position” section of the recruitment brochure utilized during the recruitment of Employee (collectively the “Job Description”); and

WHEREAS, Employee represents and warrants that he has the skill and ability to serve in such position and wishes to accept such employment on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants herein contained, the parties hereto agree as follows:

**AGREEMENT**

**SECTION 1. EMPLOYMENT.**

A. Agency hereby offers and Employee hereby accepts the position of General Manager of Agency. Employee shall perform the duties and responsibilities imposed by law, industry standards, and responsibilities and duties as specified in the Job Description, and such legally permissible further duties and functions as shall, from time to time, be assigned by the Board of Directors.

B. Employee shall devote such time, interest, and effort to the performance of his duties as may be reasonably necessary to fulfill the above requirements. Employee agrees to perform such services to the best of his ability, in an efficient and competent manner consistent with the standards of the profession. Without limiting the generality of the foregoing, Employee understands and agrees that this position is an exempt, salaried, full-time position with regular required office hours Monday through Friday and weekend hours when required in the best interests of Agency.

## SECTION 2. TERM AND RENEWAL.

A. This Agreement shall be effective as of July 13, 2020 (the “Anniversary Date”). The term of this Agreement shall be for three (3) years, through June 30, 2023, unless sooner terminated or extended by the parties as set forth in this Agreement.

B. In the event that the Board determines that the Employee is not to be reemployed upon expiration of this Agreement, he shall be given written notice thereof by the Board at least four (4) months in advance of the expiration of the term of this Agreement. Should the Board fail to re-employ Employee and the written notice provided for in this Section 2 has not been given at least four (4) months prior to the initial term of this Agreement, it shall be extended on the same terms for additional periods of one (1) year on each renewal.

## SECTION 3. TERMINATION AND SEVERANCE PAY.

A. It is expressly understood that Employee, in his capacity as General Manager, is a contracted employee serving at the pleasure of the Board, subject to termination pursuant to the terms of this Agreement, and with no right to any hearing or appeal, including any so-called *Skelly* conference, other than the rights expressly provided in this Agreement.

B. This Agreement shall automatically terminate upon Employee’s death, retirement, or permanent incapacity.

C. The Employee serves at the will and pleasure of the Board. At any time during the term of this Agreement or any extension thereof, the Board reserves the right to terminate the employment of Employee and determine his last day of employment upon the vote of four or more Board members at a duly called and noticed Board meeting. The Agency agrees, however, to refrain from voting on the issue of Employee’s termination in any sixty (60) day period immediately following a new Board member’s installation so that said new Board member may have sufficient time to apprise his or herself with Employee’s performance prior to vote.

1. In the event that this Agreement is terminated before the end of its term “for cause” as defined below, no further compensation or benefit shall be made to the Employee. Upon any allegation that Employee has engaged in conduct that would result in his termination “for cause” as defined below, Employee is entitled to address and attempt to rebut those allegations before the Board in a closed session prior to the Board making any final determination regarding the veracity of those allegations. In the event the Board, in its discretion, still finds merit to the allegations and terminates, the Employee shall not be entitled to any severance and will be owed no further compensation. Termination shall be “for cause” if the Employee: (1) acts in bad faith and to the detriment of the Agency; (2) refuses or fails to act in accordance with any legal requirement or specific direction or order of the Board; (3) exhibits in regard to his employment unfitness or unavailability for service, unsatisfactory performance, misconduct, dishonesty,

habitual neglect, or incompetence; (4) is involved in crime involving dishonesty, breach of trust, or public conduct reflecting negatively on the Agency (no pending criminal prosecution need be in effect for termination due to fraud, embezzlement or public conduct reflecting on the Agency; rather the Board must only have a good faith belief based on a good faith investigation); (5) creates physical or emotional harm to any person; or (6) breaches any material term of this Agreement.

2. In the event Agency terminates Employee's employment for a reason other than those set forth in Section 3(C)(1), Employee shall be entitled to the following severance in accordance with the terms of California Government Code sections 53260, *et seq.*: An amount equal to six (6) months of the Employee's then base monthly salary or the remainder of the term of this Agreement, whichever is less. This severance is contingent upon Employee irrevocably executing a release of all claims as drafted and submitted to Employee by Agency legal counsel and including a waiver pursuant to Civil Code Section 1542. Contributions to the Public Employees' Retirement System ("PERS") for such severance pay shall be made in accordance with Agency's PERS contract and the PERS law and regulations. The Employee shall be entitled to this severance pay either in a lump sum or, if he so elects, in a reasonable number of installments.

D. Employee may terminate this Agreement upon written notice to the Board and shall endeavor to give sixty (60) days prior notice. Agency shall have the option, in its complete discretion, to terminate Employee any time prior to the end of such notice period, provided Agency pays Employee all compensation due and owing through the last day actually worked, plus an amount equal to the base salary the Employee would have earned through the remainder of the notice period. Thereafter, all of Agency's obligations under this Agreement shall cease.

#### SECTION 4. COMPENSATION.

A. Agency agrees to pay Employee for services rendered pursuant hereto at a rate of One Hundred and Ninety Two Thousand Five Hundred Dollars (\$192,500.00) annually, pursuant to the procedures regularly established and as they may be amended by Agency in its sole discretion. The Employee may receive annual increases in salary as may be determined by the Board in its sole discretion. Any agreed salary increase must be expressly memorialized in a subsequent written and executed Amendment to this Agreement. All compensation and comparable payments to be paid to Employee shall be less withholdings required by law.

B. The Board shall consider a Cost of Living Adjustment ("COLA") increase annually. Any COLA increases are at the discretion of the Board and not a guarantee.

#### BENEFITS.

In addition to the compensation set forth in Section 4, Employee shall be entitled to the following benefits:

A. Medical. Employee and eligible dependents shall be fully covered as provided by Agency's California Public Employees Retirement System ("PERS") benefits and per Agency policy.

B. Dental Insurance. Employee and eligible dependents shall be fully covered as provided by Agency's Association of California Water Agencies ("ACWA") Health Benefits Authority and per Agency policy.

C. Life & Disability Insurance. Agency shall pay one-half of the premium for a basic group term life insurance policy. Per Agency policy, the coverage amount is equal to the current annual salary of the applicable Agency employee with a cap of One Hundred and Fifty Thousand Dollars (\$150,000.00)

D. Retirement. Agency participates in PERS. Agency shall pay costs related to the Employee's membership in PERS on the same basis as for other classic, executive-level employees.

E. Vacation. Employee shall accrue One Hundred and Twenty (120) hours of vacation time annually. Such vacation may be carried over, if not used, and may accumulate to a cap of Two Hundred and Forty (240) hours. Once the accrual cap is reached, Employee will not accrue additional vacation hours until such time as he reduces his accrued hours below the cap. *The Employee's vacations shall be scheduled in coordination with the Board.* The Board encourages employees to take regular vacation time, but recognizes that job demands may not make this possible for top management employees. In recognition of a potential inability to take vacation, Employee may cash out up to Sixty (60) hours of vacation per year. Employee shall receive a review by the Board after Three (3) years of service with a request to increase vacation to Four (4) weeks per year. The increase is subject to approved by the Board in its discretion.

F. Sick Leave. Employee will annually accrue Ninety Six (96) hours of sick leave, to be used during illness or injury. Sick Leave accrues 1 day per month. Sick Leave hours may be used per Agency policy.

G. Personal Time Off. Employees shall be granted Five (5) Personal Time Off ("PTO") days per year. As per Agency policy, PTO days shall not accrue.

H. Job-Related Expense Reimbursement. Agency will pay Employee's business expenses incurred in connection with Agency business as provided by Agency policy, as it may be amended from time to time in Agency's sole discretion.

I. Technical Equipment. Upon commencement of employment, Agency shall provide Employee with a cell phone, lap top computer, and such other technical equipment as may be

necessary for the performance of his duties. Employee may choose to use a personal cell phone and submit receipts for reimbursement.

J. Dues and Subscriptions. Agency shall budget and pay for Employee's professional dues and subscriptions necessary for his continued full participation in approved national, regional, state and local associations and organizations necessary and desirable for continued professional growth and advancement and for the good of Agency.

K. Professional Development. Agency shall budget and pay for travel and subsistence expenses for Employee (as set out by applicable Agency policy, as it may be amended from time to time in Agency's sole discretion) for Board approved professional and official travel, meetings and similar necessary functions, including, but not limited to, Board approved groups and committees of which Employee is a member, as well as short courses, institutes and seminars necessary for the Employee's professional development and the good of Agency.

L. Automobile Allowance. Employee agrees to use his personally owned vehicle for travel to and from the Agency office. As consideration for use of his personal vehicle to perform work-related duties, Agency shall provide Employee with a Two Thousand Dollar (\$2,000.00) annual automobile allowance. An Agency vehicle shall be provided for all Agency business during normal business hours. The Agency vehicle shall be kept at the Agency's premises.

M. Other Benefits. Where not in conflict with the provisions of this Agreement, Employee shall be eligible and participate in the same benefits offered to executive-level employees at Agency, including but not limited to paid holidays and other such ancillary benefits. Nothing about the provision of such other benefits shall be interpreted to prevent the performance of any duty set forth in this Agreement.

## SECTION 5. PERFORMANCE EVALUATION.

A. The Board shall review and evaluate the performance of Employee in writing on an annual basis at the second Board meeting of every June (Employee's anniversary month), or as soon thereafter as practicable. The evaluation will also set forth mutually defined goals to be achieved by Employee in the subsequent year. Employee will be provided an adequate opportunity to discuss his evaluation with the Board at the Board meeting. Employee shall be eligible, if warranted in the Board's sole discretion, to receive a salary adjustment at the conclusion of such evaluation. Any agreed salary increase must be expressly memorialized in a subsequent written and executed Amendment to this Agreement. Failure of the Board to conduct a performance evaluation shall not prohibit the Board from terminating this Agreement in accordance with Section 3 of this Agreement

B. The performance review and evaluation process set forth herein is intended to provide review and feedback to Employee so as to facilitate a more effective management of Agency. Nothing herein shall be deemed to alter or change the employment status of Employee, nor shall

this Section be construed as requiring “cause” to terminate this Agreement or the services of Employee hereunder.

#### SECTION 6. OFFICE HOURS.

Employee shall report to Agency’s offices during normal business hours consistent with the Agency’s executive team schedule and at such other times as may be necessary to discharge his duties, except when away on approved business for the Agency, as otherwise excused by use of approved leave, during Agency-granted holidays, or when Employee’s presence at other location or times is necessary to fully and completely perform his duties. Employee agrees and understands that he will report to work when necessary to Agency operations, regardless of regularly scheduled office hours, scheduled leave, or holiday, to the extent such attendance is reasonably possible. After One (1) year of service, the Board shall consider, in its discretion, granting a modified work schedule, such as a “9/80” work schedule.

#### SECTION 7. GENERAL PROVISIONS.

A. Integration. This Agreement integrates all of the terms and conditions mentioned herein, or incidental hereto, and this Agreement supersedes all negotiations and previous agreements between the parties with respect to all or any part of the subject matter hereof. This Agreement wholly supersedes and replaces the terms of any prior agreements, and any rights contained in such agreement.

B. Governing Law. This Agreement shall be governed by the laws of the State of California. The parties agree that venue for any dispute is appropriate in the Superior Court of Riverside County, California.

C. Waiver. A waiver of any term or condition of this Agreement shall not be construed as a general waiver by either party to this Agreement, and either party shall be free to reinstate any such term or condition, with or without notice, to the other.

D. Amendment. This Agreement may be amended from time to time, as mutually agreed by the parties in writing. No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by Employee and approved by the Board.

E. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the heirs at law and executors of Employee, but nothing herein shall be construed as an authorization or right of any party to assign his/her/its rights or obligations hereunder. Any assignment of the rights or obligations of Employee hereunder without the express written approval of Agency shall be void.

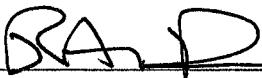
F. Partial Invalidity. If any provision or any portion thereof, contained in this Agreement is held to be unconstitutional, invalid, or unenforceable, the remainder of this Agreement or portion thereof, shall not be affected, and shall remain in full force and effect.

G. Legal Consultation. Employee acknowledges that he has had the opportunity to consult legal counsel in regard to this Agreement, that he has read and understands this Agreement, that he is fully aware of its legal effect, and that he has entered into it freely and voluntarily and based on his own judgment and not on any representations or promises other than those contained in this Agreement.

IN WITNESS WHEREOF, the SAN GORGONIO PASS WATER AGENCY has caused this Agreement to be signed and duly executed by its President, and the Employee has signed and executed this Agreement, both in duplicate, as of the day and year first above written.

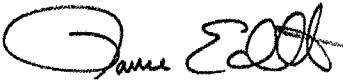
AGENCY:

SAN GORGONIO PASS WATER  
AGENCY

By:   
President of the Board of Directors

EMPLOYEE:

LANCE ECKHART

By:   
\_\_\_\_\_

**SAN GORGONIO PASS WATER AGENCY**

**FIRST AMENDMENT  
EMPLOYMENT AGREEMENT - GENERAL MANAGER/CHIEF HYDROGEOLOGIST**

This First Amendment to Employment Agreement (“First Amendment”) between the San Gorgonio Pass Water Agency (“Agency”) and Lance Eckhart (“Employee”) is entered into this 5th day of October 2020. Except as modified in this First Amendment, the Employment Agreement, dated as of July 13, 2020, between Agency and Employee shall remain in full force and effect. The parties to this First Amendment agree to the following change:

1. Subsection L regarding “Automobile Allowance” within Section 4 relating to “BENEFITS” is hereby stricken and replaced with the following:

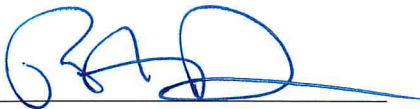
**SECTION 4. BENEFITS**

...

L. Use Of Agency-Issued Vehicle. Employee shall be provided an Agency-owned vehicle for his use on all Agency-related business and for transportation to and from Agency from his home. Employee may not use the vehicle for more than de minimis personal purposes, i.e., to run minor personal errands, on his way to or from Agency and subject to the requirements in Agency’s Vehicle Use Policy, as said Policy may be revised from time to time.

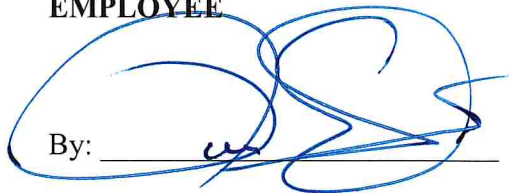
The Agency and Employee have duly executed this First Amendment as of the date first written above. This Amendment is effective as of the date first written above.

**SAN GORGONIO PASS  
WATER AGENCY**

By: 

**RON DUNCAN**  
President, Board of Directors

**EMPLOYEE**

By: 

**LANCE ECKHART**  
General Manager/Chief Hydrogeologist



**SAN GORGONIO PASS WATER AGENCY**

**SECOND AMENDMENT**

**EMPLOYMENT AGREEMENT - GENERAL MANAGER/CHIEF HYDROGEOLOGIST**

This Second Amendment to Employment Agreement (“Second Amendment”) between the San Gorgonio Pass Water Agency (“Agency”) and Lance Eckhart (“Employee”) is entered into this 13th day of September 2021. Except as modified in this Second Amendment, the Employment Agreement, dated as of July 13, 2020, between Agency and Employee shall remain in full force and effect. The parties to this Second Amendment agree to the following changes:

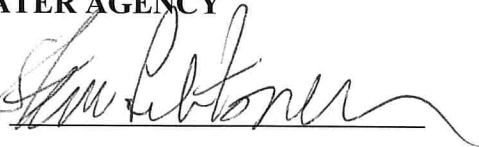
1. Section 4(A) relating to “COMPENSATION” is hereby stricken and replaced with the following:

**SECTION 4. COMPENSATION**

A. Agency agrees to pay Employee for services rendered pursuant hereto at a rate of Two Hundred and Seven Thousand Nine Hundred Dollars (\$207,900) annually, pursuant to the procedures regularly established and as they may be amended by Agency in its sole discretion. Said compensation amount shall be retroactive to July 1, 2021. The Employee may receive annual increases in salary as may be determined by the Board in its sole discretion. Any agreed salary increase must be expressly memorialized in a subsequent written and executed Amendment to this Agreement. All compensation and comparable payments to be paid to Employee shall be less withholdings required by law.

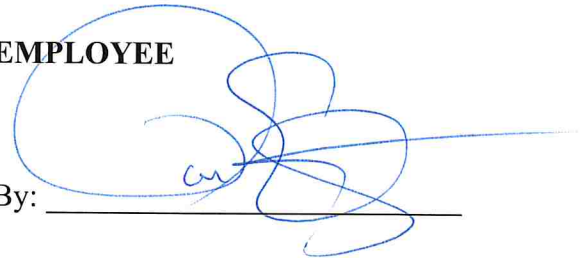
The Agency and Employee have duly executed this Second Amendment as of the date first written above. This Amendment is effective as of the date first written above.

**SAN GORGONIO PASS  
WATER AGENCY**

By: 

STEVE LEHTONEN  
President, Board of Directors

**EMPLOYEE**

By: 

LANCE ECKHART  
General Manager/Chief Hydrogeologist

**SAN GORGONIO PASS WATER AGENCY**

**THIRD AMENDMENT  
EMPLOYMENT AGREEMENT – GENERAL MANAGER/CHIEF  
HYDROGEOLOGIST**

This Third Amendment to Employment Agreement (“Third Amendment”) between the San Gorgonio Pass Water Agency (“Agency”) and Lance Eckhart (“Employee”) is entered into this 1st day of July 2022. Except as modified in this Third Amendment, the Employment Agreement, dated as of July 13, 2020, between Agency and Employee shall remain in full force and effect. The parties to this Third Amendment agree to the following changes:

1. Section 2(A) relating to “TERM AND RENEWAL” is hereby stricken and replaced with the following:

**SECTION 2. TERM AND RENEWAL**

A. This Agreement shall be effective as of July 1, 2022 (the “Anniversary Date”). The Term of this Agreement shall be for six (6) years, through June 30, 2028, unless sooner terminated or extended by the parties as set forth in this Agreement.

2. Section 3(C) relating to “TERMINATION AND SEVERANCE” is hereby stricken and replaced with the following:

**SECTION 3. TERMINATION AND SEVERANCE**

C. The Employee serves at the will and pleasure of the Board. At any time during the term of this Agreement or any extension thereof, the Board reserves the right to terminate the employment of the Employee and determine his last day of employment upon the vote of four or more Board members at a duly called and noticed Board meeting. The Agency agrees, however, that Employee’s employment shall not be terminated ninety (90) days prior to or ninety (90) days following a general election in which members of the Board of Directors stand for an election.

3. Section 3(C)(2) relating to “TERMINATION AND SEVERANCE” is hereby stricken and replaced with the following:

**SECTION 3. TERMINATION AND SEVERANCE**

2. In the event Agency terminates Employee’s employment for a reason other than those set forth in Section 3(C)(1), Employee shall be entitled to the following severance in accordance with the terms of California Government Code sections 53260, *et seq.*: An amount equal to nine (9) months of the Employee’s then base salary or the remainder of the term of this Agreement, whichever is less. Employee shall be entitled to all unused vacation, paid-time-off days, sick time and floating holidays and Employer shall continue health benefits for six (6) months upon termination. This severance is contingent upon Employee irrevocably executing a release of all claims as drafted and submitted to Employee by Agency legal counsel and including a waiver pursuant to Civil Code Section 1542. Contributions to the Public Employees’ Retirement System (“PERS”) for such severance pay shall be made in accordance with Agency’s PERS contract and

the PERS law and regulations. The Employee shall be entitled to this severance pay either in a lump sum or, if he so elects, in a reasonable number of installments.

4. Section 4(A) relating to “COMPENSATION” is hereby stricken and replaced with the following:

SECTION 4. COMPENSATION

A. Agency agrees to pay Employee a cost-of-living-adjustment of ten (10) percent and a seven (7) percent merit increase for services rendered, at a rate of Two Hundred and Forty-Four Thousand Six Hundred and Ninety-Eight Dollars and Thirty Cents (\$244,698.30) annually pursuant to the procedures regularly established and as they may be amended by the Agency in its sole discretion. Said compensation amount shall begin on the effective date of this Third Amendment. Employee shall be eligible for a discretionary annual incentive award not to exceed ten (10) percent of Employee’s total annual base salary based on the results of Employee’s annual performance review. The incentive may be based, in part, on the accomplishment of specific goals as set by the Board and that are achieved by Employee. Employee may receive annual increases in salary as may be determined by the Board in its sole discretion and the Board shall have the right to grant merit increases as the Board deems appropriate, at its discretion. Any agreed salary increase must be expressly memorialized in a subsequent written and executed Amendment to this Agreement. All compensation and comparable payments to be paid to Employee shall be less withholdings required by law.

5. Section 4(B) relating to “COMPENSATION” is hereby stricken and replaced with the following:

SECTION 4. COMPENSATION

B. For the duration of the contract, Employee’s base salary will be automatically adjusted annually based on the March to March Bureau of Labor Statistics Consumer Price Index change for the Riverside-San Bernardino-Ontario statistical area.

6. Section 4(E) relating to “BENEFITS – VACATION” is hereby stricken and replaced with the following:

SECTION 4. BENEFITS

E. Employee shall accrue One Hundred and Twenty (120) hours of vacation time annually. Beginning July 1, 2024, Employee’s vacation accrual shall increase to accrue One Hundred and Sixty (160) hours of vacation time. Such vacation may be carried over, if not used, and may accumulate to a cap of Two Hundred and Forty (240) hours. Once the accrual cap is reached, Employee will not accrue additional vacation hours until such time as he reduces his accrued hours below the cap. The Employee’s vacations shall be scheduled in coordination with the Board. The Board encourages employees to take regular vacation time, but recognizes that job demands may not make this possible for top management employees. In recognition of a potential inability to take vacation, Employee may cash out up to Sixty (60) hours of vacation per year. Any

additional increase in vacation hours is subject to approval by the Board in its discretion. Employee shall be entitled to participate in vacation buyback consistent with Agency policy.

7. Section 4(G) relating to “BENEFITS – PERSONAL TIME OFF” is hereby stricken and replaced with the following:

SECTION 4. BENEFITS

G. Employee shall be granted ten (10) Personal Time Off (“PTO”) days per year. As per Agency policy, PTO days shall not accrue. Employee shall be entitled to cash-out PTO days.

8. Section 5(A) relating to “PERFORMANCE EVALUATION” is hereby stricken and replaced with the following:

SECTION 5. PERFORMANCE EVALUATION

A. The Board shall review and evaluate the performance of Employee in writing on an annual basis at or around the second Board meeting of every June (Employee’s anniversary month), or as soon thereafter as practicable. The evaluation will also set forth mutually defined goals to be achieved by Employee in the subsequent year. Employee will be provided an adequate opportunity to discuss his evaluation with the Board at the Board meeting. Further, during Employee’s annual review, Employee and the Board will meet and confer to discuss what portion of any merit increases and/or incentive award may be applied to Employee’s base salary. Employee shall be eligible, if warranted in the Board’s sole discretion, to receive a salary adjustment at the conclusion of such evaluation. Any agreed salary increase must be expressly memorialized in a subsequent written and executed Amendment to this Agreement. Failure of the Board to conduct a performance evaluation shall not prohibit the Board from terminating this Agreement in accordance with Section 3 of this Agreement.

**[SIGNATURE PAGE TO FOLLOW]**

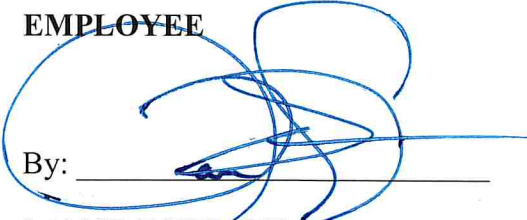
The Agency and Employee have duly executed this Third Amendment as of the date first written above. This Amendment is effective as of the date first written above.

**SAN GORGONIO PASS WATER AGENCY**

By:  \_\_\_\_\_

LARRY SMITH  
President, Board of Directors

**EMPLOYEE**

By:  \_\_\_\_\_

LANCE ECKHART  
GM/Chief Hydrogeologist