

# ***San Geronio Pass Water Agency***

**DATE:** October 16, 2023  
**TO:** Board of Directors  
**FROM:** Holland Stewart, Deputy General Counsel  
**SUBJECT: APPROVAL OF THE FOURTH AMENDMENT TO LANCE ECKHART'S  
GENERAL MANAGER EMPLOYMENT AGREEMENT**

## **RECOMMENDATION**

Approve the Fourth Amendment to General Manager's Employment Agreement.

## **BACKGROUND**

The Board entered into an Employment Agreement with Lance Eckhart, General Manager/Chief Hydrologist, dated July 13, 2020.

The Board and General Manager then entered into a First Amendment, dated October 5, 2020. The First Amendment provided that, among other things, the General Manager may use an Agency-owned vehicle on Agency business.

The Board and General Manager then entered into a Second Amendment, dated September 13, 2021. The Second Amendment provided for, among other things, an increase in annual compensation to a rate of \$207,900.

The Board and General Manager then entered into a Third Amendment, dated July 1, 2022. The Third Amendment provided for, among other things, an increase in annual compensation to a rate of \$244,698.

The Board and General Manager met in closed session on October 2, 2023, for General Manager's annual performance evaluation. The Board approved an amendment to Employment Agreement providing for, among other things, an increase in annual compensation to a rate of \$268,751, payable retroactive to July 1, 2023, and a "discretionary annual incentive award" of \$15,000 pursuant to Section 4(A) of the Employment Agreement, as amended in July 2022. The Board directed Agency counsel to draft a Fourth Amendment for Board review. A copy of the draft Fourth Amendment is attached hereto as *Exhibit A*.

## **DETAILED REPORT**

If the Board elects to enter into a Fourth Amendment, then, pursuant to the requirements of Government Code section 54953(c)(3), prior to taking action, the Board must provide a summary of the recommendation for final action.

The Fourth Amendment provides as follows:

1. General Manager currently has a base salary for FY 23-24 of \$255,954. General Manager would receive a 5% merit increase of his salary, bringing his new salary for FY 23-24 to \$268,751, payable retroactive to July 1, 2023.
2. General Manager would receive a one-time “discretionary annual incentive award” of \$15,000 pursuant to Section 4(A) of the Employment Agreement, as amended in July 2022.
3. General Manager would receive an increase of his allotted three vacation weeks annually to four vacation weeks annually.
4. The “buy out” language for vacation and sick time in General Manager’s Employment Agreement would be changed to reflect the language in the policy for SGPWA staff as adopted by the Board earlier this year.

### **FISCAL IMPACT**

The Agreement and Amendments would provide for payment of compensation, benefits and reimbursement of expenses.

The FY 2023-24 General Fund and the Debt Service Fund Budgets were planned with modest potential increases in mind. This amendment would fall within the overall spending plan of the Agency budget.

### **ACTION**

Approve the Fourth Amendment to General Manager’s Employment Agreement.

### **ATTACHMENT**

Fourth Amendment to General Manager’s Contract

**SAN GORGONIO PASS WATER AGENCY**

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

This Fourth Amendment to Employment Agreement (“Fourth Amendment”) between the San Gorgonio Pass Water Agency (“Agency”) and Lance Eckhart (“Employee”) is entered into this 16th day of October 2023. Except as modified in this Fourth 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 Fourth 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 at a rate of Two hundred and Sixty Eight Thousand Seven Hundred Fifty One Dollars (\$268,751.00) annually, retroactive to July 1, 2023, for services rendered pursuant to the procedures regularly established and as they may be amended by Agency in its sole discretion. Employee shall also receive a one-time discretionary annual incentive award in a lump-sum payment amount of \$15,000 for achievement of specific goals set by the Board for the Fiscal Year 2022-23. 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. Employee may receive, and the Board may grant, annual merit increases in salary as may be determined by the Board in its sole discretion. Any 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 as required by law.

2. 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 Sixty (160) hours of vacation time annually. Such vacation may be carried over, if not used, and may accumulate to a cap of Three Hundred and Sixty (360) 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. *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 request to buy-out accrued vacation time subject to the following provisions: (1) Employee must have taken 40 hours in vacation in the previous 12 (twelve) months; (2) Employee must maintain 80 hours of vacation accrual after buy-out; (3) Employee must request the buy-out in advance of accrual of vacation hours.

3. Section 4(F) relating to “BENEFITS – SICK LEAVE” is hereby stricken and replaced with the following:

**SECTION 4. BENEFITS**

F. 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. Employee may request to buy-out future sick leave hours that would be accrued in upcoming paid cycles subject to the following provisions: (1) Employee must maintain Ninety Six (96) hours of sick leave accrual after buy-out; (2) Employee must request the buy-out in advance of accrual of sick leave hours.

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

**SAN GORGONIO PASS WATER AGENCY**

**EMPLOYEE**

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

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

LARRY SMITH  
President, Board of Directors

LANCE ECKHART  
GM/Chief Hydrogeologist