

**EMPLOYMENT AGREEMENT BETWEEN DESERT WATER AGENCY  
AND  
STEVE L. JOHNSON**

This EMPLOYMENT AGREEMENT (“Agreement”) is made by and between STEVE L. JOHNSON (“General Manager – Chief Engineer” or “GM-CE”) and the Board of Directors of the DESERT WATER AGENCY, a local governmental entity (“Agency”), hereinafter also referred to as “Board of Directors.” The parties hereto agree as follows:

**Section 1. Employment.**

The Board of Directors agree to employ said STEVE L. JOHNSON as General Manager-Chief Engineer, and he agrees and does accept employment as GM-CE upon the terms and conditions set forth herein.

GM-CE agrees to perform the functions and duties of GM-CE as may be established or directed by the Board of Directors. GM-CE agrees to perform all such functions and duties to the best of his ability and in an efficient and competent manner.

**Section 2. Term of the Agreement.**

2.1 This Agreement shall be for a term of approximately sixteen (16) months, beginning February 22, 2024, and ending July 3, 2025. Subject to the Agency’s right to terminate this Agreement and GM-CE’s employment at any time pursuant to Section 3 of this Agreement, and unless otherwise provided for by a subsequent written agreement between the Parties, the terms and conditions of this Agreement shall apply to any extended term of this Agreement.

2.2 Nothing in this Agreement shall prevent, limit, or otherwise interfere with the right of the Board of Directors to terminate the services of GM-CE at any time, subject only to the provisions set forth in this Agreement.

2.3 Nothing in this Agreement shall prevent, limit, or otherwise interfere with the right of the GM-CE to resign, or retire, at any time from his position with the Agency, subject only to the provisions set forth in this Agreement.

2.4 GM-CE agrees to remain in the exclusive employment of the Agency during the term of this Agreement, and he shall neither accept other employment nor become employed by any other person, business, or organization during the term of this Agreement. As used in this section, the term “employed” shall not be construed to include occasional teaching, writing, or consulting on GM-CE’s time off, which may be undertaken by the GM-CE, provided they are conducted with persons, businesses, or organizations not within the Agency service area.

### **Section 3. Termination and Severance Pay.**

3.1 GM-CE serves at the will and pleasure of the Board of Directors and may be terminated with or without cause at any time. Consequently, nothing in this Agreement shall in any way affect the Board of Directors' right to terminate the employment of GM-CE and this Agreement on an at-will basis, with or without cause, at any time, as provided herein. The Parties agree that GM-CE is at-will and shall not have appeal or so-called Skelly rights related to his employment. Notwithstanding, in the event that the Board of Directors determines to terminate the employment of GM-CE, either with or without cause, before such termination is effectuated GM-CE will be given the opportunity to retire from employment with the Agency without any loss of retiree benefits otherwise provided for by the Agency. Regardless of whether GM-CE exercises the right to retire before being terminated, or is terminated either with or without cause, GM-CE will still be entitled to retire post-termination and will be entitled to the retiree medical benefits set forth in section 5.4 below.

3.2 This Agreement shall automatically terminate upon Employee's death, retirement, unforeseen extended unavailability (defined as six months), or permanent incapacity from being able to perform the essential functions of the General Manager position with reasonable accommodations.

3.3 In the event that that GM-CE is notified by the Board that he is going to be terminated without cause and makes the decision to retire in lieu of termination, Agency agrees to provide GM-CE with severance pay in a lump sum cash payment equal to the remaining months of base salary from the remaining unexpired effective term of this Agreement, less wage and employment deductions required by law ("Severance Pay"), in addition to providing GM-CE his final pay, cash out of his accrued vacation hours, and 100% cash out of the value of unused attendance bonus plan hours and floating holiday hours, as required by law and by the Agency's personnel policies. The Severance Pay is subject to reduction as required by Government Code sections 53260, *et seq.* Thus, notwithstanding the above, in no event shall the total cash value of the Severance Pay exceed the value of the base salary for the remaining unexpired effective term of this Agreement as of the date of termination.

3.4 The provisions of California Government Code sections 53243 to 53243.4, as those sections now or hereafter exist are hereby incorporated by reference into this Agreement. Thus, if the GM-CE is convicted of a crime involving the abuse of his office or position, whether before or after release from employment, Employee shall fully reimburse the Agency for any severance pay, paid leave salary disbursed pending an investigation related to the crime, or legal criminal defense funds relevant to the crime.

3.5 In the event GM-CE and this Agreement are terminated for cause, GM-CE shall not be entitled to any severance pay. Termination for cause is defined as follows:

- (a) A willful breach of this Agreement.

- (b) Habitual neglect of duties required to be performed under this Agreement.
- (c) Any acts of dishonesty, fraud, misrepresentation, or other acts of moral turpitude (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).
- (d) Refusal or failure to act in accordance with any legal directive or order of the Board of Directors.

3.6 In the event that GM-CE and this Agreement are terminated for cause, GM-CE will be presented with written notice of the basis for said cause. Upon receipt of said written notice, GM-CE, within five (5) business days, may request a hearing before the Board of Directors. The issue at the hearing shall be limited solely to whether or not there is sufficient evidence to support a finding of termination for cause such that GM-CE would not be entitled to any severance pay. Under no circumstances shall GM-CE be entitled to reinstatement as a result of such hearing.

3.7 Nothing in this Agreement shall prevent, limit, or otherwise interfere with the right of GM-CE to resign, or retire, at any time from his position with the Agency, subject only to the provisions set forth in this Agreement. Other than in the case of a retirement as provided in section 3.1 above, in the event GM-CE resigns, or retires from his position with the Agency, GM-CE shall provide the Board of Directors ten (10) days' notice in advance, unless the Parties agree otherwise. In the event GM-CE resigns, or retires, he shall not be entitled to any severance pay, unless the resignation or retirement is the result of termination without cause. Upon GM-CE's resignation or retirement, he is entitled to all benefits legally required to be paid at separation, including accrued vacation and attendance bonus plan benefits.

#### **Section 4. Salary and Expenses.**

4.1 Board of Directors agrees to pay GM-CE for his services rendered a base salary of Twenty-Four Thousand, Five Hundred and Sixty Dollars (\$24,560.00) per month, less wage and employment deductions required by law, in installments at the same time as other employees of the Agency are paid, commencing February 22, 2024. The base salary will be adjusted annually by the same percentage adjustment provided to all Agency employees for changes in the cost of living, if any.

In addition, the Board shall have the right to grant merit increases as the Board deems appropriate, in its discretion. GM-CE will be eligible for a discretionary annual incentive award not to exceed ten percent (10%) of his total annual base salary based on the results of his annual performance evaluation. The incentive may be based, in part, on the accomplishment of specific goals set by the Board of Directors that are achieved by GM-CE. Any performance incentive awarded under this section shall be lump sum payment, subject to all legally required wage and employment deductions.

Notwithstanding the above, the issuance of any incentive awards is at the sole discretion of the Board of Directors. Further any performance pay awarded under this Section shall not become a part of GM-CE's established base salary going forward.

4.2 The Agency shall reimburse GM-CE, within its budget and upon approval of the Board of Directors, for all actual and necessary expenses incurred in connection with the performance of his official duties. GM-CE agrees to maintain and submit accurate records of all expenses for which reimbursement is claimed.

## **Section 5. Benefits.**

5.1 Vacation. GM-CE shall receive and use vacation benefits under the same terms and conditions applicable to Agency employees generally.

5.2 Attendance Bonus Plan (ABP). GM-CE shall accrue and use paid ABP benefits under the same terms and conditions applicable to Agency employees generally.

5.3 Retirement. The Agency agrees to provide for participation in and pay all Employer and Employee contributions for GM-CE in the California Public Employees Retirement System (Cal PERS). The Agency acknowledges that GM-CE is enrolled in the CalPERS under the same terms as other miscellaneous employees of the Agency who are considered "classic members" of CalPERS. The Agency's current contract with CalPERS for classic members provides for a retirement benefit formula of 2.5% at age 55, with the highest single year compensation determining the benefit.

5.4 Retiree Medical. GM-CE will be provided with medical, dental, and vision coverage upon retirement in the same coverage amounts provided to Agency employees hired before May 1, 2007. Such coverage shall extend to GM-CE's dependents who are eligible during the time of coverage.

5.5 Deferred Compensation Plans. The Agency will adopt and establish a qualified pension plan pursuant to either Section 401 (a) or 457 of the Internal Revenue Code for the benefit of GM-CE and will make an annual "matching" contribution in the Employee's name. The Agency's matching contribution shall not exceed six hundred dollars (\$600) per pay period. The Agency shall be responsible for all expenses associated with the deferred compensation account during the term of this Agreement, including but not limited to administrative services fees and commissions.

5.6 Disability, Health, and Life Insurance. The Agency will keep in force and make required premium payments for GM-CE for disability, health, and life insurance benefits/policies covering GM-CE and his dependents in the same amount and on the same terms as provided to all regular employees of the Agency hired before May 1, 2007. The Agency agrees to purchase and pay the required premium on a term life insurance policy in the amount equal to one (1) time GM-CE's annual salary. The Agency also agrees to purchase and to pay the required premium on short-term and long-term disability insurance, the same as are provided to all regular employees of the Agency. If required by the insurance provider, GM-CE agrees to submit once per calendar year to a complete physical examination by a qualified physician of his choice, the cost of which

shall be paid by the Agency. The Agency agrees to maintain GM-CE's medical records in confidence.

5.7 Membership Dues, Subscriptions, and License Fees. To the extent the Agency's approved annual budget designates sufficient funds for the purposes identified in this section, the Agency agrees to pay for the professional dues and subscriptions necessary for GM-CE's continued and full participation in national, state, regional and local associations and organizations necessary or desirable for his continued professional participation, growth and advancement, and for the good of the Agency.

5.8 Professional Development. To the extent the Agency's approved annual budget designates sufficient funds for the following purposes, the Agency agrees to pay for registration fees and travel subsistence expenses of GM-CE for professional and official travel, meetings, and occasions adequate to continue the professional development of GM-CE and to adequately pursue necessary and/or appropriate official business and other functions for the Agency. Upon the prior approval of the Board of Directors, the Agency also agrees to pay for related tuition, fees, and travel and subsistence expenses of GM-CE for educational degree programs, short courses, institutes, and seminars that are necessary for his professional development and the good of the Agency.

5.9 Other Leave. GM-CE shall accrue sick leave and shall be provided with holiday leave and pay, bereavement leave and pay, as are provided to other regular employees of the Agency.

5.10 Vehicle. The Agency shall furnish GM-CE with a vehicle and shall provide for the fueling and maintenance thereof. The Agency vehicle shall be used for Agency business and discretionary personal use.

## **Section 6. Performance Evaluation.**

6.1 The Agency shall review and evaluate the performance of GM-CE within thirty (30) days prior to this Agreement's anniversary date. Said review and evaluation shall be conducted by an ad hoc committee, the members of which shall be established by the Board of Directors. Evaluation criteria shall be developed and adopted by the Board of Directors.

## **Section 7. Bonding.**

7.1 The Agency shall bear the full cost of any fidelity or other bonding required of GM-CE under any law or ordinance. The Agency shall further indemnify and defend GM-CE for discharge of his duties as required by law.

## **Section 8. General Provisions.**

8.1 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 parties with respect to all or any part of the subject

matter hereof. This Agreement wholly supersedes and replaces the terms of any prior agreement and any rights contained in such agreement.

8.2 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.

8.3 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.

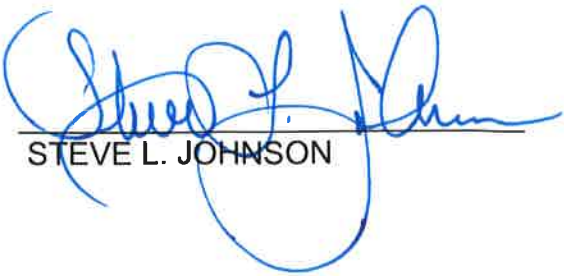
8.4 Amendment. This Agreement may be amended from time to time, as mutually agreed by the parties in writing. No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by GM-CE and approved by the Board.

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

8.6 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 the full force and effect.

8.7 Legal Consultation. GM-CE 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 judgement and not on any representations or promises other than those contained in this Agreement.

IN WITNESS WHEREOF, the DESERT WATER AGENCY has caused this Agreement to be signed and duly executed by its President, and GM-CE has signed and executed this Agreement, both in duplicate, as of the day and year first above written.

By:   
STEVE L. JOHNSON

DESERT WATER AGENCY

By:   
Paul Ortega President, Board of  
Directors

APPROVED AS TO FORM:

By:   
Michael T. Riddell,  
General Counsel  
Best Best & Krieger LLP