MEMORANDUM OF UNDERSTANDING

SANTA MARGARITA WATER DISTRICT

AND

SANTA MARGARITA WATER DISTRICT EMPLOYEES

ASSOCIATION

July 1, 2021 – June 30, 2024

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MEMORANDUM OF UNDERSTANDING

ARTICLE I

TERM OF AGREEMENT

This Memorandum of Understanding (M.O.U.) is made by and between the Santa Margarita Water District (District) and the Santa Margarita Water District Employees Association (SMWDEA) and shall be in effect from July 1, 2021, through June 30, 2024, unless otherwise indicated herein.

Unless stated otherwise, it is agreed that in the event this Memorandum of Understanding expires, its terms and conditions shall continue in effect until the Meet and Confer process is completed.

ARTICLE II

RECOGNITION

Pursuant to the Employee-Employer Relations Resolution of the Board of Directors of the Santa Margarita Water District, as amended, and California Government Code Sections 3500-3510, the District hereby recognizes the Santa Margarita Water District Employees Association as the exclusive representative of all non-exempt and non-confidential positions of the District as set forth in Appendix A, and specifically excluding confidential and exempt management positions.

The recognition rights of the Santa Margarita Water District Employees Association shall not be subject to challenge until the expiration of this M.O.U.

ARTICLE III

BINDING ON SUCCESSORS

This M.O.U. shall be binding on the successors and assigns of the parties hereto and no provisions, terms, or obligations herein contained shall be affected or changed in any way whatsoever by the consolidation, merger, transfer, assignment, or takeover of either party hereto.

ARTICLE IV

SEVERABILITY

In the event that any provision of this M.O.U. is invalidated by any court of competent jurisdiction or legislative or regulatory enactment, this shall not invalidate the entire M.O.U., it being the express understanding of the parties hereto that all other provisions not declared invalid shall remain in full force and effect.

ARTICLE V

NONDISCRIMINATION

Section 1. The District and SMWDEA agree that the provisions of this M.O.U. shall be applied to employees without unlawful discrimination due to race, religion, color, sex, age, nation of origin, ancestry, disability, marital status, sexual orientation, gender identity or medical-condition (as defined by the California Fair Employment and Housing Act, California Government Code Sections 12900 et seq.) and any other category protected by applicable law.

Section 2. SMWDEA shall not discriminate in membership or representation on any basis cited in Section 1 of this Article.

ARTICLE VI

NO IMPLIED WAIVER

The failure or refusal of the District or SMWDEA to exercise any right, privilege, or authority under any provision of the M.O.U. at any time shall not be construed as a present, continuing, or prospective waiver of the District's or the SMWDEA's rights, privileges, or authority under that provision or any other provision of this M.O.U.

ARTICLE VII

CONCLUSION OF AGREEMENT

This agreement contains all of the covenants, stipulations, and the provisions agreed upon by the parties. It is understood that all items relating to employee wages, hours, and other terms and conditions of employment not covered in this agreement are covered by existing ordinances, resolutions, policies, and practices of the District as well as the Personnel Rules and Regulations presently in effect. Therefore, for the term of this agreement, the District and SMWDEA shall not be compelled to Meet and Confer concerning any Meet and Confer issue, whether specifically Met and Conferred upon prior to the conclusion of this agreement or which may have been omitted from the Meet and Confer process which led up the conclusion of this agreement, except by mutual agreement of the parties.

ARTICLE VIII

NO CHANGE OF BENEFITS

During the term of this M.O.U. there shall be no change of benefits or privileges contained in existing resolutions and rules not specifically revised by the provisions of this M.O.U., except after compliance with applicable laws.

ARTICLE IX

PERSONNEL RULES AND REGULATIONS

Management reserves the right to modify, supplement, rescind or revise any provision of the Personnel Rules and Regulations as it deems necessary and appropriate; however, as required by law, management will not unilaterally implement said changes without providing the SMWDEA notice and an opportunity to meet and confer.

ARTICLE X

CATEGORIES OF EMPLOYMENT

Section 1. Regular Full-Time Employees. Regular full-time employees shall mean all individuals employed on a regular basis that work the equivalent of forty hours per week and who have successfully completed his/her probationary period in an authorized position. Unless otherwise designated, all positions shall be regular full-time positions with compensation determined monthly and paid biweekly.

Section 2. Regular Part-Time Employees.

A. Regular part-time employees shall mean all individuals employed on a regular basis that work less than forty hours per week and who have successfully completed his/her probationary period in an authorized position. Compensation is determined on an hourly basis and paid biweekly.

B. Regular part-time employees who are changed to regular full-time status within his/her current job classification shall receive credit for the period served as a part-time employee prorated based on hours worked.

Section 3. Temporary Employees.

A. Temporary employees shall mean those employed as extra help strictly on an as-needed basis with no expectation of continued employment. The request to hire a temporary employee must be approved by the General Manager. Temporary employees may be hired in times of emergency, for specific special projects, or as student employees, and may or may not work 40 hours per week. Compensation is determined on an hourly basis and paid biweekly. Temporary employees serve at the will and discretion of the General Manager, are not Bargaining Unit employees and are only entitled to benefits as required by applicable law.

B. If a temporary employee's assignment lasts longer than six months, justification for continued employment, as a temporary employee must be approved by the General Manager. If need for the assignment continues beyond one year, further ongoing justification must be presented as to why this assignment remains temporary rather than becoming a regular full-time position with ongoing job duties. Any change in status may only be done pursuant to a personnel action form signed by the General Manager.

C. Should a temporary employee be changed to regular full-time or part-time status, the probationary period for the regular position, including benefits, shall begin on the date of transfer, with no credit for the period served as a temporary employee.

ARTICLE XI

PROBATIONARY PERIOD OF EMPLOYMENT

Section 1. New Hires.

A. The standard probationary period for every new employee shall be the first 180 calendar days of continuous satisfactory performance following the date of employment. The probationary period provides an opportunity for the employee to display the willingness and ability to perform and meet all District standards established for the position. The employee shall receive a final probationary performance evaluation upon completion of the probationary period. A probationary employee may be terminated or transferred at any time at the sole discretion of the General Manager notwithstanding any other provision of this M.O.U. Probation is not typically extended beyond the normal 180-calendar day probationary period, however, upon the request of the Department Head, two extensions of no more than 90 days each may be approved by the General Manager.

B. Upon successful completion of the probationary period, the employee becomes a regular employee according to employment status. The employee's original date of hire as a probationary employee will be the employee's anniversary date.

Section 2. Promotional Probation. A regular full or part-time employee who is promoted shall be placed on promotional probation for the first 180 calendar days of active service in the position to which the employee is promoted.

Section 3. Failure of Promotional Probation.

A. An employee on promotional probation may be failed at any time without any right of recourse, grievance or appeal if, in the District's judgment, the employee fails to demonstrate the knowledge, skill and ability that the District expects of the position to which the employee was promoted.

B. An employee who fails promotional probation shall receive a performance evaluation stating the reason for the failure of promotional probation.

C. When an employee fails his/her promotional probation, the employee may return to his/her former classification provided there is an opening in said former classification or a like classification for which the employee is qualified.

D. If the employee's classification has been deleted or abolished, the employee may return to a vacant classification closest to his/her former occupational series, but not one higher than the employee occupied immediately prior to promotion.

E. Any failure of promotional probation shall be without prejudice to future promotional opportunities.

ARTICLE XII

PAY PRACTICES

Section 1. Compensation for Employees. Employees shall receive compensation at the salary rate specified in the step determined by the District within the range assigned to the classification in which they are employed.

A. Effective the pay period that includes July 1, 2021, all classes shall be increased by 3.0% and employees shall be provided a corresponding 3.0% pay increase.

B. Effective the pay period that includes July 1, 2022, all classes shall be increased by 3.0% and employees shall be provided a corresponding 3.0% pay increase.

C. Effective the pay period that includes July 1, 2023, all classes shall be increased by 3.0% and employees shall be provided a corresponding 3.0% pay increase.

Prior Pay Increases:

[On *August 31, 2013, the District shall adjust the Pay Schedule, to implement the reduction from thirty-three (33) to twelve (12) steps, with two additional steps (13 & 14) available for exceptional performance. Step 12 will be set at the same figure as current step 33, with the additional steps each 2.5% apart. Step 13 will be 2.5% over Step12 and Step 14 an additional 2.5% above Step 13. Concomitant with this salary range contraction, employees will be placed at the new salary step (steps 1 through 12) that is closest to, and not less than their current salary. Any employee who is at the existing Step 33 and who has received an "Above Average" or better rating on their last performance evaluation, shall receive a 1% lump sum bonus.*]

Section 2. Pay for New Employees.

A. A new employee shall be paid at Step 1 of the salary range in effect for the classification in which the new employee is hired, except as provided in Section 2B and 2C.

B. The District may authorize the appointment of a particular employee at any step of the salary range. Such appointments shall be made only when the District determines that there is a direct and measurable benefit to the District from such appointments and determines that the applicant's

previous training and experience enables him/her to make a greater contribution than a less experienced employee.

C. The District may adjust the recruiting step of a classification during the term of this M.O.U. whenever justified by recruiting and labor market considerations.

D. If a recruiting step of a classification is decreased, incumbents of the class will be unaffected.

If Step 1 of a classification is increased, all employees in that class below the Step 1 shall be advanced to the new Step 1.

Section 3. Merit Increase within Range.

Annual Reviews for all employees will be completed each October, with applicable merit increases effective for those employees receiving a merit increase, during the pay period that includes November 1st. Employees on probation during the review period, due to being a new hire or due to recently being promoted, will receive their review at the end of the probationary period, and will receive any applicable merit increase effective the pay period following completion of their probationary period and each November thereafter[1].

Effective October 2021, October 2022, and October 2023, employees who are at Steps 1 – 13 and obtain an "Above Standards" rating will receive a one-step (2.5%) merit increase.

Employees who are at Step 14 and receive an "Above Standards" rating will receive a one-time lump sum payment of 1% of salary.

Employees who are at Steps 1 – 13 and obtain an "Exceptional" rating will receive a one-step (2.5%) merit increase and a one-time lump sum payment of 2% of salary.

Employees who are at Step 14 and receive an "Exceptional" rating will receive a one-time lump sum payment of 2% of salary.

The District and SMWDEA agree that at the conclusion of each performance evaluation process in 2021, 2022, and 2023, if the number of employees who receive either an Above Standards or Exceptional rating on their performance evaluation is less than **68%** of the number of evaluations completed, each employee who receives a "Meet Standards" rating will receive a deferred compensation contribution of $725.

If that number falls below **50%**, the District and SMWDEA agree to reopen the MOU to evaluate **only** the merit process. No other terms and conditions will be re-opened at this time.

[1] New employees and newly promoted employees who began the probationary period prior to October 1st and are on probation at the time of the review process (September/October) will receive a probationary performance evaluation and any merit increase effective the pay period following successful completion of the probationary period and each November thereafter. New employees and newly promoted employees who began the probationary period on or after October 1st, will receive a probationary performance evaluation upon successful completion of the probationary period and are eligible for a merit increase the following November.

Section 4. Out of Classification Pay. Employees who are assigned to perform the duties of a higher-level classification for a period of at least 120 consecutive hours shall receive an additional rate of compensation. The higher rate of pay begins with the 121st hour and continues until the assignment ends. Requests for Working-Out-of-Class Pay require the approval of the Department Head and the General Manager. The General Manager may waive the 120-hour eligibility period.

If an employee is on leave at any time during the measurement period, the 120-hour eligibility period is not reset, rather it is moved to accommodate for those days or hours in which the employee is absent. If an employee takes a full day of general leave during an out-of-class assignment, those full days will be compensated at the hourly rate for his or her Regular Position, not the out-of-class position.

Section 5. Promotion. Whenever a Unit employee is promoted to a position in a class with a higher salary range, the employee shall receive the recruiting salary for the higher class or at least five percent (5%) increase over the salary received prior to the promotion, not to exceed the top step of the range.

A. Customer Relations Representative I position will automatically be moved to the Customer Relations Representative II range after completing two years of service, provided that the rating on the employee's most recent annual performance evaluation is an "Above Standards."

B. A Utility Technician who has completed probation as a Utility Technician and who is performing the duties of the Utility Technician position, will be promoted to a Utility/Systems Operator or Utility Mechanic position upon receiving a Certification 1 in Distribution or Treatment. The promotion will include a five percent (5%) increase.

C. Treatment Plant Operator positions will be promoted to Sr. Treatment Plant Operator positions after receiving a Grade 3 Wastewater Certificate and "Above Standards" on the most recent annual performance evaluation. The promotion will include a five percent (5%) increase and will include a six-month probation period.

D. Promotions to Sr. Utility Mechanic, Sr. Utility Operator, Sr. Systems Operator, or Sr. Electrical Instrumentation Technician shall occur when the employee has obtained four (4) years of applicable experience as a Utility Mechanic, Systems Operator, Utility Operator, or Electrical/ Instrumentation Technician level (which can be obtained from previous employment), a D3 or E3 certification, and a rating of "Above Standards" on the most recent annual performance evaluation.

E. During the term of this Memorandum of Understanding the parties agree to meet to discuss the process and qualifications for progressing to classifications designated as "Senior" for the Mechanical and Collections Crews. The parties will meet at least once monthly beginning in July of 2021, and concluding in January of 2022, unless mutually agreed to complete the process sooner. When this process is completed, the parties will discuss recommendations and implementation of those recommendations in which the parties have reached agreement. The parties also agree that if mutually agreed upon, the process may continue beyond January of 2022 if necessary.

Section 6. Certificate Pay. Employees shall receive special compensation of $75/month for each certificate the employee obtains that is above the minimum requirements of their job classification, up to two certificates ($150/mo.). As a condition of receiving certificate pay, the employee may be required to meet certain minimum requirements for their jobs. These requirements must be met before certificate pay can be received. Please see Exhibit "A" for minimum certificates for jobs. In order to receive consideration for certificate pay, an employee must notify the District that they have obtained a qualifying certificate by completing a form provided by the District. Except for employees on probation, payment will commence in the payroll period immediately following such notification. For employees on probation, either due to being a new hire or recently promoted/demoted, the certificate pay will commence in the pay period following their successful completion of probation. A non-exclusive list of pre-approved certificates is available from the Human Resources Department and attached hereto as Exhibit "A".

For certificates not included on the pre-approved list, a form is available for the employee to obtain prior approval of the eligibility of a certificate. The form requires a brief description of the program, the requirements to obtain the certificate and applicability to the District. The proposed certificate must be approved in advance by the employee's Department Head. An employee will have the opportunity to discuss the program to obtain approval with the Department Head, however, the District's decision with respect to certificate eligibility shall be final, and not subject to grievance or any appeal.

Section 7. Stand-by Pay.

A. Employees who are assigned stand-by duty shall receive compensation at a rate of $500 per week or $71.43 per day in addition to their regular pay.

B. Stand-by duty requires an employee to be able to respond immediately by telephone and, if needed, a timely site response (within thirty (30) minutes). Employee shall record all actual hours worked on their timesheet.

Section 8. Emergency Call-Out. When an employee is called back to work by management without prior notice, the employee shall receive a minimum of two- (2) hours call-out pay. The two-hour minimum, whether or not actually worked, shall be paid at the rate of one and one-half times the employee's regular hourly rate. For any response that extends into the employee's normal working day, employee shall be compensated with over-time up to the start of the normal working day.

Section 9. Class A and Class B Driver's License. District employees who obtain a Class A or Class B California driver's license and utilize such license as requested in the course and scope of their employment with the District shall receive an annual cash incentive payment in the amount of $1,500 for Class A and $500 for Class B providing the employee complies with all applicable regulatory requirements. The incentive shall be paid on the first pay period in December and shall be prorated for any licenses held less than one year. The District will also reimburse costs associated with the physical exam requirements and the License fees.

Section 10. Education Reimbursement. Regular full-time employees are eligible for and encouraged to participate in the District's Education Reimbursement program. Employees are eligible for reimbursement for educational training or certification training taken from any college, university, or accredited institution. All courses must be approved in advance by the Division Manager and Department Head by submitting a Request for Educational Reimbursement form. Reimbursement will be based on the amount in the IRS Employers Tax Guide to Fringe Benefits Publication 15-B. See the District's Personnel Rules and Regulations for complete details on education reimbursement.

ARTICLE XIII

SMWDEA RIGHTS

Section 1. Employee Rights. The District shall not discriminate against an employee for exercising any rights or benefits provided in this M.O.U.

Section 2. Payroll Deduction. The District shall make payroll deductions of SMWDEA dues in accordance with appropriate written authorizations provided by individual employees. SMWDEA is responsible for notifying the District of the amount to be deducted. Deductions for SMWDEA membership will be forwarded to the SMWDEA Treasurer on a bi-weekly basis.

Section 3. Use of Bulletin Boards. Space shall be made available to SMWDEA on existing departmental bulletin boards. Notices shall be dated and signed by the authorized representatives of SMWDEA responsible for their issuance. If desired, electronic notices may be electronically sent through the District's email system to members. Notices shall be dated and signed by the authorized representatives of SMWDEA responsible for their issuance.

Section 4. Use of District Facilities. With advance approval of the District, SMWDEA may hold meetings of its members and employees on District premises during non-working hours.

Section 5. Release Time for Meetings. SMWDEA and its members shall be allowed paid release time for the following SMWDEA meetings:

A. One and one-half hours (1½ hours) per Board Member per month for a maximum of ten (10) SMWDEA Board Members for SMWDEA Board Meetings.

B. One hour per employee per year to attend the annual SMWDEA membership meeting.

C. One hour per employee to attend a pre-Meet and Confer meeting to discuss and approve Meet and Confer proposals.

D. One hour per employee to attend M.O.U. ratification meetings.

E. Thirty minutes to confer with a SMWDEA Board Member regarding an employer-employee issue. Both the employee and the SMWDEA Board Member must schedule the time in advance

with their appropriate supervisors. Such meeting shall not result in either party being paid overtime.

Section 6. Provisions of State and Federal Laws. Any and all rights afforded SMWDEA and its members by applicable state and federal laws not specifically described in this Article shall be included and considered as SMWDEA rights.

Section 7. Release Time for Meet and Confer**.** Up to five (5) employees may be granted paid release time for Meet and Confer sessions with the District representative(s).

ARTICLE XIV

SAFETY

Section 1. Recognizing that a safe work environment is of substantial benefit to both the District and its employees, the District and SMWDEA agree as follows:

A. No employee shall be required to work under conditions dangerous to the employee's health and safety.

B. The District shall make every reasonable effort to provide and maintain a safe and healthful workplace. SMWDEA shall urge all employees to perform their work in a safe and healthful manner. Employees shall be alert to unsafe practices, equipment, or conditions and shall report them to his/her supervisor. All employees shall follow safe and healthful work practices and obey safety rules.

C. The District shall furnish all equipment that the District determines to be necessary for employees to perform their jobs in a safe manner.

D. Whenever practical, the District shall provide the necessary first aid kits in each work location.

E. Whenever practical, the District shall provide first aid training for employees.

F. SMWDEA shall appoint non-management representatives to the safety committee.

Section 2. Safety Boots and Uniforms.

A. The District will provide either two vouchers or $500 cash annually, at the employee's option, during the term of this MOU, to eligible employees, for the purchase of District approved steel-toe safety shoes or boots and/or walking shoes for appropriate personnel, based on job description requirements. Employees hired or transferred into a position requiring safety boots within 90 days of July 1 will not receive the option of new boots or cash until the following year. All new hires or transfers will receive vouchers at hire/transfer date.

1. Voucher Option:
   i. Eligible staff will be required to complete an election form prior to July 31st.
   ii. Vouchers will be issued on the first paycheck in August.

iii. Vouchers will expire May 15th of the following year.
iv. There will be no extensions or reissues on vouchers after August 15th.
v. No changes can be made after the election form has been submitted.
vi. Vouchers are **only** for the purchase of boots; no other items are able to be purchased using the voucher.

2. Cash Option:
   $500 will be paid on the first paycheck in August and is taxable.

B. Represented Employees are eligible for the safety boots/shoes allowance upon employment and then annually thereafter (on the first paycheck in August).

C. The District provides all regular Operations, Engineering and Customer Service field personnel with uniforms and other equipment that must be worn when performing routine, emergency and standby duties. These uniforms are District property. The uniforms may not be worn for any function not sponsored by the District and must be returned to the District upon termination of employment. Employees who fail to return their uniforms and equipment or return them damaged beyond reasonable wear and tear, are responsible for the replacement cost of such items. The replacement cost will be deducted from the employee's final paycheck.

In accordance with the California Public Employees Retirement System, (CalPERS), the uniforms are considered special compensation and, therefore, $10.74 is reported each pay period to Classic members (as defined by CalPERS) who are provided a uniform. This is not reportable as special compensation for New Members as defined by PEPRA.

D. The District may make available District branded apparel for employees that is to be maintained by the employees.

Section 3. Hepatitis Shots. The District will make hepatitis A and B vaccines available to all field employees who request them.

ARTICLE XV

LUNCH PERIODS, BREAKS, CLEAN-UP

Section 1. Each employee shall be entitled to a lunch break. The District shall schedule the time and duration of lunch breaks. Employees shall not be compensated for lunch breaks.

Section 2. Each employee shall be allowed one rest period of fifteen (15) minutes for each four-(4) consecutive hours of work.

Section 3. Each maintenance and field employee shall be permitted no more than fifteen (15) minutes of paid District time, when necessary, at the end of each work shift to clean up the work area, do work-related clean-up, and to put away tools and equipment.

Section 4. The breaks set forth in this Article do not accumulate and cannot be used to reduce an employee's workday if not taken.

ARTICLE XVI

OVERTIME

Section 1. Work ordered and performed in excess of forty (40) hours actually worked in any one regular workweek shall constitute overtime. If, in the judgment of the District, work beyond the regular workweek is required, the District will notify any employee who is to be assigned to perform such overtime as soon as practicable prior to when the overtime is expected to begin.

Section 2. The District shall make a reasonable effort to assign overtime opportunities on an equal basis to employees capable of performing the work.

Section 3. Overtime work shall be compensated at one and one-half (1-1/2) times the employee's regular rate of pay. With the written advance approval of the Department Head, Unit employees will be granted compensatory time off in lieu of overtime pay at the rate of one and one-half (1-1/2) hours of compensatory time off for each hour of overtime actually worked. An employee may accumulate no more than eighty (80) hours of unused compensatory time. Accumulated compensatory time off which exceeds the eighty (80) hour limit shall be paid to the employee at his/her regular rate.

Section 4. Neither time worked as overtime nor compensatory time off shall be used to earn fringe benefits or to serve out any probationary period.

Section 5. In no case may an employee's work schedule be changed during the workweek when the purpose for such change is to avoid overtime compensation.

ARTICLE XVII

WORKWEEK

Section 1. The regular workweek for regular, full-time Unit employees shall be forty (40) hours of work in five (5) shifts of eight (8) hours each between Monday and Sunday. The regular work hours for Unit employees are from 8:00 a.m. to 4:30 p.m. (1/2 -hour lunch) or 5:00 p.m. (one-hour lunch), at the employee’s option. Nothing in this M.O.U. shall be construed as a guarantee of any number of hours per day or per workweek, or of any number of days per workweek.

Section 2. The District shall notify SMWDEA prior to implementing any proposed substantial change in regular work hours, which is initiated by the District, and will discuss such proposed changes upon request prior to implementation. Except in cases of emergency, the District shall make reasonable efforts to provide individual employees with seven (7) calendar days advance notice of any proposed substantial change in regular work hours. Except as set forth in this section, the District shall fully retain its management right to modify work hours without any obligation to Meet and Confer.

Section 3. No employee shall be permitted to work more than sixteen (16) consecutive hours except in emergency situations.

Section 4. Except as otherwise provided, no employee may be employed in one (1) or more positions, full or part-time, more than the total number of hours for the employee's work period as defined in Section 1 above, except on authorized overtime.

Section 5. This Section shall not prevent an employee or group of employees from requesting a modified work schedule such as four (4) ten (10) hour workdays per week, four (4) nine (9) hour workdays each week with an additional eight (8) hour workday on alternate weeks, or flex time. The District may implement such requests.

Section 6. Employees who as part of their normal workweek are to work Saturdays and/or Sundays will receive a 10% increase to their regular hourly rate for those hours actually worked on a Saturday and/or Sunday.

Section 7. Upon agreement of the District and the Association, an employee and his/her supervisor may agree to modify the starting and ending times of the employee's shift, as well as the duration of lunch periods, provided however, that the employee is regularly scheduled to work 40 hours each week.

ARTICLE XVIII

MANAGEMENT RIGHTS

Section 1. It is understood and agreed that the District retains all of its powers and authority to direct, manage and control its operation to the full extent of the law. Included in, but not limited to those duties and powers are the exclusive right to:

- determine its organization;
- direct the work of its employees;
- assign work not expressly covered by job description;
- determine the times and hours of operation;
- determine normal working hours and to schedule shifts accordingly;
- determine the kinds and level of service to be provided, and the methods of providing them;
- establish its policies, goals and objectives;
- make technological improvements;
- determine staffing patterns;
- determine the number and kinds of personnel required;
- maintain the efficiency of District operations,
- build, move or modify facilities; establish budget procedures and determine budgetary allocations;
- determine the methods of raising revenue;
- contract out work in accordance with law;
- determine the procedures and standards of selection for employment and promotions;
- establish and enforce dress and grooming standards;
- determine style and/or types of District-issued wearing apparel, equipment or technology to be used;
- modify performance programs and standards;
- determine the manner in which compliance with The Americans with Disabilities Act will be accomplished;

- establish employee performance standards, including quality and quantity standards, and
- require compliance herewith and take any action necessary to meet conditions of any emergency nature, provided that SMWDEA shall be afforded the opportunity to Meet and Confer concerning the impact of any such action if inconsistent with this M.O.U. Said Meet and Confer shall commence within ten calendar days of the District's receipt of a written SMWDEA demand to commence the Meet and Confer process;

In addition, the District retains the right to hire, classify, assign, evaluate, promote, terminate, transfer and discipline employees.

Section 2. The District has the exclusive right and authority to schedule work and/or overtime as required in the manner most advantageous to the District.

ARTICLE XIX

NO STRIKES/LOCKOUTS

Section 1. No Strikes. During the Term of this MOU, SMWDEA and its members will not cause, sanction or partake in any strike (whether sit-down, stay-in, sympathetic, general or any other kind), walkout, picketing, stoppage of work, retarding of work or boycott (whether primary or secondary in nature), or any other interferences with the operation and conduct of the District's business.

It is specifically understood and agreed that the District, during the first working day, or any part thereof, of the activity prohibited by this provision, shall have the right to impose reasonable discipline short of suspension, demotion or dismissal against individuals participating in such activity.

However, after the first working day, or any part thereof, of the prohibited activity and if such activity recurs during the Term of the MOU, the District shall have the right to dismiss any employee participating therein, which dismissal shall be considered a disciplinary discharge for just cause. Such dismissal shall be subject to disciplinary procedures as set forth in the MOU or applicable policy.

Failure or refusal by SMWDEA's officers, agents or any other representative to comply with the terms set forth herein shall constitute leading and instigating a violation of these provisions. Therefore, if any of the occurrences prohibited by this provision take place, SMWDEA shall immediately and publicly disavow such action as unauthorized and will use all reasonable means within its power to stop such action at the earliest possible time and will not honor any picket line set up under such circumstances.

Section 2. No Lockout. The District agrees that there shall be no lockout of employees during the Term of the MOU.

ARTICLE XX

GENERAL LEAVE

Section 1. Purpose. General leave is a multi-purpose leave providing for the needs of the employee for vacation, personal affairs, non-job-related illness or injury, and as a supplement to workers' compensation.

In general, employees wishing to utilize their accrued general leave for anything other than a non-job-related illness or injury must submit a general leave request to their Supervisor as soon as possible, but no later than five business days prior to the commencement of the requested leave. Emergency requests will be reviewed on a case-by-case basis. General leave requests of two weeks or less will be approved at the discretion of the Supervisor based on business needs and requirements of the Department and the District. General leave requests in excess of two weeks will be approved at the discretion of both the Supervisor and the Department Head.

Section 2. Eligibility. Regular full-time employees and regular part-time employees working more than twenty-one hours per week are eligible to accrue general leave from their date of hire. While accrual begins from the date of hire, paid general leave time may not be taken until the following:

- Completion of the first 90 days of employment for non-job-related illness or injury purposes; and,
- Completion of the employee's 180-day probationary period for all other purposes.
- Accrued General Leave hours will be provided on each paycheck with the exception of the months with three pay days. For those months that have three pay days no additional accrual will be provided on the third paycheck.

Regular part-time employees who are regularly scheduled to work less than twenty hours per week and all temporary employees are not eligible for general leave.

General leave accrues at the following rates for employees hired prior to September 7, 2010:

A. First year through five-year anniversary date of continuous employment - 12.67 hours per calendar month (152 hours per year) General leave may be accumulated to a maximum of 304 hours;
B. Sixth through ten-year anniversary date of continuous employment - 16 hours per calendar month (192 hours per year) General leave may be accumulated to a maximum of 384 hours;
C. Eleventh through fifteen-year anniversary date of employment - 19.33 hours per calendar month (232 hours per year) General leave may be accumulated to a maximum of 400 hours;
D. Sixteenth year and beyond - 22.67 per calendar month (272 hours per year) General leave may be accumulated to a maximum of 400 hours.

General leave accrues at the following rates for employees hired after September 7, 2010:

A. First year through five-year anniversary date of continuous employment - 11.67 hours per calendar month (140 hours per year) General leave may be accumulated to a maximum of 304 hours;
B. Sixth through ten-year anniversary date of continuous employment - 16 hours per calendar month (192 hours per year) General leave may be accumulated to a maximum of 350 hours;
C. Eleventh through fifteen-year anniversary date of employment - 19.33 hours per calendar month (232 hours per year General leave may be accumulated to a maximum of 350 hours);
D. Sixteenth year and beyond - 22.67 per calendar month (272 hours per year) General leave may be accumulated to a maximum of 380 hours.

Any unused general leave exceeding the authorized maximum accumulation shall be paid back to the employee at their regular rate of pay on a quarterly basis.

Section 3. Donation. Employees may donate current, but not future general leave to other employees on short-term disability who have exhausted their general leave and are receiving less than full compensation.

A. No more than eight (8) hours may be assigned or donated within the period of time it requires to accrue this amount of general leave. The dollar amount of assigned or donated sick leave will be determined on the basis of the assignor or donor employee. The beneficiary employee's compensation will not be more than his or her regular compensation with no consideration given to overtime in determining regular compensation.

B. Assignor or donor employees are required to execute the General Leave Donation form. Resigning or terminated employees may not assign or donate accrued general leave.

All accrued and unused general leave time will be paid-off upon termination of employment or retirement.

Section 4. Cash Out of Accrued General Leave

An employee may cash out General Leave twice per year (October and April) as follows:

A. In the months of October and April each year, an employee may sell back accrued, unused General Leave at the employee's then-current regular rate of pay. An employee who elects to participate in the cash out option must sell back a minimum of 20 hours.

B. An employee must maintain a minimum of 176 hours of accrued, unused General Leave after the cash out. In no event can an employee cash out General Leave if it would cause the employee's accrued balance to drop below 176 hours.

C. In the event of hardship, an employee can request to sell back accrued, unused General Leave at times other than those set forth in paragraph A, above. The request shall be made in writing to the Human Resources Manager, who will discuss the matter with the General Manager. The General Manager shall make the final decision. The requirement to maintain the 176 hours minimum set forth in paragraph B, above, shall apply.

D. Should the Internal Revenue Service notify the District of any concerns regarding constructive receipt for cash out of leave balances, SMWDEA agrees to re-open the contract solely regarding constructive receipt to address any concerns.

Section 5. Vacations During Designated Holiday Periods.

The District's memorandum dated November 21, 2006, is incorporated herein by reference as the District's policy concerning scheduling vacations leave during designated holiday periods. The restricted holiday periods therein shall be modified annually to reflect the appropriate dates each year. A vacation request that is not submitted by the designated deadline may still be granted by an employee's Supervisor if determined there is adequate staffing.

ARTICLE XXI

HOLIDAYS

Section 1. Eligibility.

A. Regular full-time employees are eligible for ten and one-half paid holidays each calendar year. Two of these holidays are considered floating holidays and are designated each year, typically in conjunction with a regularly scheduled holiday, by the General Manager.

B. Part time and temporary employees will receive holiday pay if the District observed holiday falls on the day that the employee is regularly scheduled to work.

Section 2. Holidays Observed.

A. The following holidays are observed each year:

New Year's Day	Labor Day
President's Day	Thanksgiving Day
Memorial Day	Day after Thanksgiving
Independence Day	Christmas Eve Day (1/2 day)
Day before or after	Christmas Day
Independence Day	Day After Christmas

When a holiday falls on a Saturday or Sunday, management will designate the day of celebration for the holiday.

Section 3. Holiday Pay. Each District holiday is considered an 8-hour day. Employees will be compensated on holidays as follows:

A. Employees shall receive eight hours pay at the employee's basic hourly rate, provided the employee works, is paid for, or is otherwise excused (i.e., pre-approved general leave) by their Department Head from working all required hours on their regularly scheduled workday immediately prior to and immediately after the scheduled holiday.

B. Employees who are required to work on a scheduled holiday, with the exception of Thanksgiving Day and Christmas Day, shall be paid at one and one-half times their basic hourly rate for the number of hours actually worked and will receive the eight-hour holiday pay at their regular hourly rate. The holiday pay can be in the form of cash or credited to the employee's general leave balance, at management's discretion.

C. Employees who are required to work on Thanksgiving Day and/or Christmas Day shall be paid at two times their basic hourly rate for the number of hours actually worked and will receive the eight-hours of holiday pay at their regular hourly rate. The holiday pay can be in the form of cash or credited to the employee's general leave balance, at management's discretion.

D. Holidays that fall during an employee's approved vacation period shall not be charged against the employee's general leave balance.

E. For the Ten-Hour workday, if a holiday (8 hours) falls on a 10-hour day, the employee may elect to have two (2) hours deducted from general leave or take the two hours as unpaid. Unpaid hours are not considered by PERS in calculating retirement benefits.

F. For the Alternative Work Week, if a holiday (8 hours) falls on a 9-hour workday, the one- hour difference may be made up on the employee's eight (8) hour scheduled workday in the current work week and does not constitute overtime for that day. This 8-hour day may occur before the holiday. Or the employee may elect to have one (1) hour deducted from general leave or take the hour as unpaid. Unpaid hours are not considered by PERS in calculating retirement benefits.

G. If the holiday occurs on the employee's day off, the eight- (8) hours will be paid in the form of cash. Employees may request that the holiday pay be credited to their general leave balance with their department head's approval.

ARTICLE XXII

INSURANCE

Section 1. Insurance Premiums.

A. The District shall pay 100% of the premium costs for the following insurance benefits: Single party medical insurance; single party dental insurance, employee-only life, accidental death and dismemberment, and short/long term disability insurance (excluding supplemental life and disability insurance); and up to family party vision insurance. The District's contributions toward these insurance premiums include any increases that occur during the term of this MOU.

a. Effective December 1, 2017: for employees hired on or after December 1, 2017, and for the duration of this MOU, the District shall pay 100% of the premium costs for the insurance benefits noted above with the following EXCEPTION: the District will pay 100% of single party medical insurance **up to the highest cost HMO**; if the plan selected is costlier than the highest HMO, any additional cost will be the responsibility of the employee to pay.

B. In addition, the District shall pay 60% of the medical insurance premium cost in excess of the single party cost for Two-Party and Family coverage. (For example, if single party medical is $500.00 per month and two-party medical is $800.00 per month, the District will pay $680.00 per month total [$500.00 for the single party, plus $180.00 towards the two-party coverage ($300.00 X 60% = $180.00.)].) The employee shall pay the remaining 40% premium cost. The District/employee pro-rata share of the premium cost shall not change notwithstanding any insurance cost increases that occur during the Term of this MOU.

a. Effective December 1, 2017: for employees hired on or after December 1, 2017, and for the duration of this MOU, the District shall pay 50% of the medical insurance premium cost in excess of the single party cost for Two-Party and Family coverage **up to value**

associated with the highest cost HMO. (For example, if single party medical is $500.00 per month and two-party medical is $800.00 per month, the District will pay $650.00 per month total [$500.00 for the single party, plus $150.00 towards the two-party coverage ($300.00 X 50% = $150.00.)].

Section 2. Benefit Plans.

A. Medical. All full-time regular employees are required to participate in the District's provided medical insurance plans. Optional dependent medical coverage is available at the District's rates and the District contributes towards a portion of that premium as mentioned above. If an employee elects to cover dependents, payment will be made through a payroll deduction.

B. Dental. The District provides dental insurance for all full-time regular employees. Optional dependent dental coverage is available at the District's rates. Employees pay 100% of the dependents' premium. If an employee elects to cover dependents, payments will be made through a payroll deduction.

C. Vision. The District provides vision insurance for each full-time regular employee and his/her dependents. The District pays 100% of this premium for both employee and employees' dependents.

D. Life Insurance and Accidental Death and Dismemberment. The District provides a term-life insurance policy for all regular full-time employees equal to 2 1/2 times their annual salary to a maximum of $200,000.

E. Short and Long-Term Disability Insurance. The District provides short and long-term disability insurance. The short-term disability insurance commences after 29 days of a personal illness or injury and extends through 89 days. Short-terms disability pays 66.67% of an employee's weekly earnings up to $1,500 per week. Long-term disability commences on the 90th day of an illness or injury and pays 66.67% of an employee's wages up to $7,000 per month.

F. Cafeteria Plan. The District has established a Cafeteria Plan in accordance with IRC Section 125 to give employees the option of purchasing additional benefits with pre-tax dollars. The Plan allows you to choose which benefits you wish to "purchase" from the categories of eligible benefits. The benefits available under the plan are Flexible Spending Accounts (health care and dependent care reimbursement).

G. Public Employees' Retirement System. As a public agency, the District has enrolled in the California Public Employees' Retirement System (CalPERS) rather than Social Security as the District's only retirement program. The District does not contribute toward Social Security. Part-time employees will be enrolled into CalPERS upon completion of 1,000 hours of service within the fiscal year. Please refer to Article XXIV for contribution rates.

H. Supplemental Life/Disability Insurance. Supplemental life and disability insurance may be purchased on a pretax or after-tax basis. An employee may purchase supplemental disability insurance, catastrophic coverage, or different types of life insurance coverage. Supplemental life

insurance for a spouse and children may also be purchased. The premium costs are based on several factors such as age and/or type of insurance purchased.

I. Deferred Compensation. Regular full and part-time employees are eligible to participate in the District's deferred compensation program. The plan is intended to qualify as an eligible Deferred Compensation Plan pursuant to Section 457(b) of the Internal Revenue Code of 1954, as amended, and allows the employee to defer up to a maximum set forth in the Economic Growth and Tax Relief Reconciliation Act of 2001.

J. The District shall match an employee's contribution into the deferred compensation plan up to a maximum of $1,740 per employee per year, or $72.50 per pay-period. The contributions occur each pay period except the third pay period in those months with three pay dates.

K. Workers' Compensation. The District provides worker's compensation insurance that covers all employees for work related injuries. Workers' compensation benefits will be coordinated with general leave if the employee notifies his/her supervisor in writing as soon as reasonably possible. The appropriate form will be provided to the employee at the time the injury/illness is reported.

L. Credit Union. Regular full and part-time employees are eligible to participate in the District's credit union program. This service provides a wide variety of financial accounts and services including automatic payroll deduction. When enrolled in the automatic payroll deposit program, an employee's paycheck is automatically deposited in his/her bank account.

ARTICLE XXIII

RETIREMENT

Section 1. Subject to Section 3**,** **t**he District shall continue to contract with PERS to provide Classic employees with the 2.7% at 55 retirement formula during the term of this Memorandum of Understanding. New Members as defined by PEPRA have a benefit formula with CalPERS of 2% @ 62.

CalPERS EMPLOYEE CONTRIBUTION

Section 2. Classic Members shall pay the 8% required employee contribution to CalPERS.

All New Members, as that term is used in PEPRA, shall pay their required employee contribution of one-half of the total normal cost, currently calculated by CalPERS to be 6.25%.

ARTICLE XXIV

NOTIFICATION OF LAY-OFFS

Section 1. Management agrees to notify the Association 30 days in advance of any impending lay-offs.

Santa Margarita Water District
Employees Association

By: Tony Gaetano (Jul 9, 2021 13:57 PDT)
Tony Gaetano, President

Date: Jul 9, 2021

By: Aaron Peardon (Jul 14, 2021 11:38 PDT)
Aaron Peardon, Sr. Labor Relations Rep.
OCEA

Santa Margarita Water District

By: Daniel R. Ferons
Daniel R. Ferons, General Manager

Date: Jul 14, 2021

Date: Jul 14, 2021

Exhibit A

Position	Minimum Certificates for job	Minimum Certificates Eligible for Pay
Maintenance Technicians	Distribution D-1	Distribution D-2 Treatment T-1 Mechanical M-1 Collections C-1
Maintenance Mechanic	Distribution D-1 Mechanical M-1	Distribution D-2 Treatment T-1 Mechanical M-2 Collections C-2 Electrician E-1
Senior Maintenance Mechanics	Distribution D-3 Mechanical M-3	Distribution D-4 Treatment T-1 Mechanical M-3 Collections C-3 Electrician E-1
Maintenance Foreman	Distribution D-5* Treatment T-2 Mechanical M-3 Collections C-3	Treatment T-3 Mechanical M-4 Collections C-4 Electrician E-1
Electric	Electrician E-2	Electrician E-3 Distribution D-1 Treatment T-1 Mechanical M-2
Senior Electrician	Electrician E-3	Electrician E-4 Distribution D-1 Treatment T-1 Mechanical M-3
Wastewater Treatment Plant OIT	Operator OIT	Plant Maintenance 1 Mechanic M-1
Wastewater Operator	Operator II	Plant Maintenance 1 Mechanic M-2
Senior Operator	Operator III	Operator IV Plant Maintenance 1 Mechanic M-2
Operation Supervisor	Operator IV	Operator V Plant Maintenance 1 Mechanical M-2
Senior Lab Tech	Distribution D-1 Lab Tech III	Distribution D-2 Lab Tech IV Treatment T-1
Lab Supervisor	Lab Tech III	Lab Tech IV Treatment T-2 Distribution D-3

Office Assistant		Notary of Public
Inspectors	Distribution D-3	Distribution D-4 Treatment T-1 Mechanical M-3 Collections C-3

*depending upon job requirements

MOU July 21 2021 to June 30 2024 FINAL

Final Audit Report 2021-07-14

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