

Memorandum of Understanding (MOU)

Between the

Scotts Valley Water District (District)

and

**Scotts Valley Water District Employees Union
AFSCME Local 101 AFL-CIO (Union)**

Effective
July 1, 2016 - June 30, 2019

Revised March 9, 2017
Article 9 Section 4
Exhibit A and B

**UPDATED w/ COLA
EFFECTIVE 7/4/2017**

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Exhibit A & B

Side Letter 11/07/17 appended

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ARTICLE I: GENERAL PROVISIONS

Section 1. Recognition

The District recognizes American Federation of State County and Municipal Employees (AFSCME) as the sole and exclusive collective bargaining representative of all the employees covered by this MOU and agrees to bargain collectively only with its authorized representative(s).

The Union recognizes that the District exists to deliver a sustainable high quality water supply in an environmentally responsible and sound financial manner while providing outstanding customer service.

The District and the Union recognize that each employee of the District assumes an obligation to the customers and to our community to perform their duties in a prompt, efficient and courteous manner.

Section 2. Union Dues

The District agrees to withhold union dues from Union member paychecks. Such withholdings will be in uniform amounts and be authorized in writing by each employee on a form supplied by the Union; provided that the employee's earnings are sufficient after other legally required and optional deductions are made to cover the amount of dues. Dues withheld by the District will be transmitted on a monthly basis to the depository designated by the Union.

The District agrees to supply the Union with a monthly report of the names and classes of employees who have authorized Union dues withdrawal. The District will provide the Union home addresses of the Union members upon request. An employee has the right to file a statement with the District to withhold release of the home address to Union.

Section 3. Voluntary Contributions

An employee may authorize the District to withhold an additional amount of voluntary contributions to Public Employees Organized to Promote Legislative Equality (PEOPLE) from their paycheck. The District agrees to remit monthly to the Union all monies deducted for PEOPLE accompanied by a list of employees who made such contributions. Such authorization may be invoked or revoked in writing by the employee at any time.

Section 4. Union Security

Maintenance of Membership

Any employee who is a Union member and is tendering dues as of the date of execution of this MOU, or who becomes a Union member during the term of this MOU, will remain

a member and continue paying dues for the duration of this MOU and each subsequent MOU thereafter. For the period of ninety to seventy (90–70) days prior to the expiration of this or any subsequent MOU, an employee who is a Union member will have the right to withdraw from the Union by communicating their intention in writing to the Union and the District on Form FC 671, during the ninety to seventy (90–70) day period. An employee who accepts a position not covered by the Union is automatically considered withdrawn from the Union and not be required to continue paying dues.

Agency Shop

Pursuant to Section 3502.5 of the California Government Code and amendment to the Meyers-Milias-Brown Act (MMBA), the District and the Union agree to abide by the following provisions as they relate to an agency shop election.

Agency shop as defined under MMBA means an arrangement that requires an employee, as a condition of continued employment, either to join the recognized employee organization, or to pay the organization a service fee in an amount not to exceed the standard initiation fee, periodic dues, and general assessments of the organization.

Any employee who is a member of a bona fide religion, body, or sect that has historically held conscientious objections to joining or financially supporting public employee organizations shall not be required to join or financially support any public employee organization as a condition of employment. The employee may be required, in lieu of periodic dues, initiation fees, or agency fees, to pay sums equal to the dues, initiation fees, or agency fees to a non-religious, no-labor charitable fund exempt from taxation under Section 501(c) (3) of the Internal Revenue Code, chosen by the employee from a list of at least three (3) organizations, or if the MOU between the District and the Union fails to designate the funds, then to any such fund chosen by the employee. Proof of the payments shall be made on a monthly basis to the District as a condition of continued exemption from the requirement of financial support to the Union.

Union member employees will execute written authorization for either Union dues, the agency fee, or, if eligible, the charitable contributions deductions. In the absence of a written authorization, the District will deduct the agency fee from the employee's paycheck.

The agency shop provision may be rescinded by a majority vote of all the employees in the unit covered by the MOU, provided that:

- A. A request for such a vote is supported by a petition of at least thirty percent (30%) of the employees in the bargaining unit;
- B. The vote is by secret ballot;

- C. The vote is taken at any time during the term of the MOU, but in no event more than once during that term.

The agency shop provision only applies to Union member employees.

The Union will comply with all statutory and legal requirements with respect to agency shop.

Section 5: Hold Harmless

The Union agrees to hold the District harmless against all claims or other forms of liability that arise out of or by reason of this Article.

ARTICLE II: REPRESENTATION AND INFORMATION

Section 1. Covered Employees

This MOU covers regular full time and part time employees in the classifications listed in Exhibit A.

Full-time Employees

Full-time employees are defined as employees who are appointed to positions that are budgeted for 2080 hours per year. Such employees work 80 hours per pay period and are eligible for benefits and leave accruals based upon the full time budgeted hours of the position.

Part-time Employees

Part time employees receive the paid leave (holiday, vacation, sick) benefits on a pro-rated basis, given the ratio of their budgeted work schedule to full time.

The District pays 100% of the medical, dental, vision and life insurance premiums for the employee only and a pro-rated share of medical, dental, vision and life insurance premiums for the dependents of part time employees. The District's pro-rated share of the premiums is based upon the proportion of the part-time employee's hours in relation to full time equivalency. Part time employees pay the balance of the premiums on a pre-tax basis unless the employee elects to pay the balance on a post-tax basis.

Part time employees who have their normal work schedule increased for a period that exceeds thirty (30) calendar days will have their benefit accruals increased accordingly. This applies only to an authorized increase in hours in the employee's own classification or into another regular classification.

Field Employees

The District defines Field Employees as those employees assigned to the Operations Division.

Section 2. Discrimination

There will be no discrimination by the District or the Union, or any of their agents, against employee or applicant because of race, color, religion, national origin, sex, gender identity, age, marital status, medical condition, physical or mental disability, sexual orientation or any and all other basis prohibited by law.

Section 3. Time Off for Representation

Union representatives may be granted release time without loss of compensation for the following:

Meet and Confer/Consult

Up to two (2) designated Union members for purposes of meeting and conferring or meeting and consulting with District representatives on matters within their scope of representation.

Negotiations

Up to three (3) designated Union members for purposes of meeting and conferring on a successor MOU. Release time for up to two (2) additional hours per week shall be granted for bargaining preparation after the commencement of negotiations.

Meetings of District-Authorized Committees

Up to three (3) Union representatives to attend meetings of District-authorized committees when representatives are serving on such committees as a representative of the Union.

Grievances

One (1) designated Union representative for purposes of representing an employee in a meeting with District representatives relative to an employee grievance; or for purposes of discussing or investigating a grievance with an employee; provided that the District finds there is no undue interruption of the work of either the Union representative or the grievant and both the Union representative and the grievant have notified their respective supervisors of such time off.

An employee has the right to discuss a grievance with a Union representative during working hours provided there is no disruption of the workload and the employee has notified and received authorization from the first-line manager/supervisor.

Release time will be provided to new Union representatives to receive training on grievance handling, including observing the actual grievance process.

Representation

Union President and/or a designee for the purpose of conducting Union business limited to formal meetings with District Management and the investigation and presentation of grievances. Release time must be scheduled in advance with the President's or designee's supervisor.

Union representatives will notify their supervisor of their intention to be on release time as far in advance as reasonably possible, but no later than the end of normal business hours the day before such meeting except in the case of emergency situations. Union representatives will log the time they leave their work assignments and the time they return to work in order to qualify for compensated release time. The Union will provide the District a list of all officers, and representatives/alternative representatives. Permission to perform Union functions will not be unreasonably denied.

Section 4. Access to Work Locations

The Union and its agents will have reasonable access to work locations for purposes of processing grievances or concerning matters within the scope of representation. Such access will not interfere with the work process, safety, or security of the work location.

The Union has reasonable use of District facilities and equipment for meetings in accordance with District policies and procedures.

Section 5. Mail/Bulletin Boards

The Union may utilize existing bulletin boards provided posted information relates solely to Union activities and services. The bulletin board will not be used to post material which endorses or supports political candidates or positions in elections.

Further, the Union may use District mail, and electronic mail for the distribution of information.

Section 6. Written Notice

Written notice of any ordinance, rule, regulation or resolution relating to matters within the scope of representation proposed to be adopted by the Board of Directors or otherwise implemented will be given to the Union reasonably prior to such action to solicit Union response and to afford an opportunity to meet with the District regarding the issue. In the case of an emergency, when reasonable prior notice is not possible, the District will provide such notice as soon as possible and an opportunity to meet at the earliest practical time to discuss the issue.

Any communication in accordance with this section will be submitted to the Union President by the District.

Section 7. New Hire Information

The Union will be notified of the name, classification, unit, and work location of all new hires into positions in the classifications listed in Attachment I within the first pay period following the new employee's starting date.

Section 8. Orientation

As part of the District's new employee orientation program, orientation packets distributed by the District will include information about the Union, provided by the Union.

ARTICLE III: EMPLOYEE/DISTRICT RIGHTS

Section 1. Employee Rights

Employees of the District have the right to form, join and participate in the activities of employee organizations of their own choosing for the purpose of representation on all matters of employer-employee relations including, but not limited to, wages, hours, and other terms and conditions of employment. Employees of the District also have the right to refuse to join or participate in the activities of employee organizations and have the right to represent themselves individually in their employment relations with the District. No employee will be interfered with, intimidated, restrained, coerced or discriminated against by the District or by any employee organization because of their exercise of these rights.

Section 2. District Rights

The rights of the District include, but are not limited to those listed herein, except where such rights are limited by clear and explicit language of this Agreement:

- A. To determine the mission of the District, including without limitation, the District's departments, divisions, institutions, boards and commissions;
- B. Full and exclusive control of the management of the District; supervision of all operations; determinations of methods, means, location and assignments of performing all work; and the composition, assignment, direction, location and determination of the size and mission of the workforce;
- C. To determine the work to be done by employees, including establishment of service levels, appropriate staffing and the allocation of funds for any position(s) within the District;
- D. To change or introduce different, new or improved operations, technologies, methods or means regarding any District work;

- E. To establish and modify qualifications for employment, including the content of any job classification, job description or job announcement, and to determine whether minimum qualifications are met;
- F. To maintain and modify the District's job classifications upon meeting and conferring;
- G. To establish and enforce employee performance standards;
- H. To schedule and assign work, make reassignments, and assign overtime work;
- I. To hire, fire, promote, reassign, transfer, release, discipline, layoff, terminate, demote, suspend or reduce in step or grade, all employees;
- J. To establish and modify bargaining units; to assign new or amended classifications to particular bargaining units; and to designate any position confidential, management or otherwise for bargaining unit assignments pursuant to the MMBA;
- K. To inquire and investigate regarding complaints or concerns about employee performance deficiencies or misconduct of any sort, including the right to require employees to appear, respond truthfully and cooperate in good faith regarding any District investigation;
- L. To maintain orderly, effective, and efficient operations; and
- M. To take appropriate lawful measures to ensure the best delivery of services to the public in response to any work stoppage, including without limitation; (a) altering work schedules or locations to ensure coverage; and (b) investigating absences to ensure no violation of District policies.

Section 3. Non-strike/Lockout Provision

During the term of this agreement, the District agrees to not lock out employees and the Union agents nor will any District employee, for any reason, authorize, institute, aid, condone or engage in a work slowdown, work stoppage, strike, or any other interference with the work and statutory functions or obligations of the District.

The Union agrees to notify all of its officers, and representatives of their obligation and responsibility for maintaining compliance with this section, including the responsibility to remain at work during any activity which may be caused or initiated by others and to encourage employees violating this section to return to work.

Violation of this section by the Union will result in cancellation of dues check off and the District will be free to seek any other appropriate remedies for such acts.

ARTICLE IV: WAGES AND BENEFITS

Section 1. Wages

Wage Rates

Effective the first full pay period of July 2016, all covered classifications will receive a wage increase equal to the CPI-U average percent change in 2015 for the San Francisco Bay Area (2.6%).

Effective the first full pay period of July 2017, all covered classifications will receive a wage increase equal to the lesser of either 4.0% or the CPI-U average percent change in 2016 for the San Francisco Bay Area. If the CPI-U change is negative, wage rates will remain unchanged in July 2017.

Effective the first full pay period of July 2018, all covered classifications will receive a wage increase equal to the lesser of either 4.0% or the CPI-U average percent change in 2017 for the San Francisco Bay Area. If the CPI-U change is negative, wage rates will remain unchanged in July 2018.

Out of Class Pay

Working out of class is defined as a management authorized assignment on a temporary basis of an employee in a lower classification to a budgeted higher classification. Such assignment may be made when a position is vacant or temporarily unfilled due to the incumbent's absence. Assignments will be made to qualified employees assuming a significant number of the duties of the higher classified position.

Employees appointed to work out-of-class will be compensated on the beginning on the sixth consecutive day of the assignment at five percent above the employee's normal pay rate or the first step of the higher level position, whichever is greater.

On Call Pay / Call Out Pay

On Call -- Field employees may be assigned to work on call on a regular rotational basis. While assigned as on call, the employee must remain available to be contacted by phone and be able to report to work with thirty (30) minutes. On call employees will be paid one and one half (1 1/2) additional hours at time and one half the employee's regular rate for each workday and two and one half (2 1/2) hours at time and one half the employee's regular rate for each weekend day and holiday.

Call Out -- Employees will be paid at time and one half the regular rate for all hours worked in response to emergency calls, except the hours worked between 12 am and 7 am will be paid at double the regular rate. If an employee who is on call is required to leave home to respond to an emergency, the employee will receive a minimum of two (2) hours of pay at the rates set forth in this paragraph. If an employee who is not

assigned to be on call is required to leave home to respond to an emergency, the employee will receive a minimum of four (4) hours of pay at the rates set forth in this paragraph.

If an employee is required to respond to an emergency that results in him/her working more than twelve (12) hours within a twenty-four hour period, and any portion of those twelve hours is after midnight, the employee will be entitled to an eight (8) hour rest period prior to returning to work. If any portion of the rest period occurs during the employee's regular schedule, the employee will receive regular pay for that time.

On call employees will have use of the District duty vehicle for work-related purposes only.

Overtime Pay

Overtime is defined as all hours required and pre-authorized by management and actually worked by the employee in excess of forty (40) hours per workweek. When overtime work is necessary, the employee will be given advance notice to the extent possible. An employee may be excused from overtime work for legitimate reasons. Overtime is calculated in accordance with the Fair Labor Standards Act (FLSA). FLSA overtime is compensated in pay at time and one half (1 ½) the employee's regular rate. Double time (two times the regular rate) will be paid for hours worked in excess of twelve hours per workday.

Employees may elect to receive compensatory time off (comp time) at the rate of one and one half (1 1/2) hours of comp time for each (1) hour of overtime worked or two (2) hours of comp time for each hour worked in excess of twelve (12) per workday up to a maximum accrual of forty (40) hours. Employees who have forty hours of comp time accrued will receive pay for overtime worked and will not be eligible to accrue further comp time. Employees wishing to use comp time must request and receive advance approval from their supervisor. At the time of separation from District, employees will be paid at their regular rate for all accrued comp time.

Mid- Contract Wage Adjustment

The current salary schedule for specified job classifications may be adjusted mid-contract if there are significant changes in the job description, duties or responsibilities of any particular job classification. Such adjustment will be on a case-by-case basis and subject to the meet and confer process.

Salary Steps – Initial Placement

New employees will be hired at the first step of the classification's salary range unless a higher step placement is approved by the General Manager, based upon the employee's advanced qualifications for the position.

Salary Placement upon Promotion

Promoted employees will be appointed to the first step in the salary range for the new classification. However, if such employee is already being paid at a rate equal to or higher than the first step of the new classification's salary range, the employee will be placed at the next higher step in the new range that will result in at least a minimum 5% salary increase.

Advancement within the Salary Range

Advancement within a classification's salary range will normally be granted on the employee's scheduled merit review date. Such advancement will be based solely on "exceeding or meeting the expectations" of job performance as documented by a satisfactory performance evaluation. Should the performance evaluation not be completed within 90 days from the merit review date the employee will automatically be granted a step increase.

All new and promoted employees will be granted their first merit increase upon successful completion of the probationary period. The employee will then be eligible for subsequent merit increases according to the step progression plan provided in Exhibit B.

A merit increase may be denied by the General Manager when an employee's job performance "does not meet the expectations" as documented by a performance evaluation. The General Manager may, in such a case, direct that the employee's work performance be reviewed again at a specific time before the next regular review date. If a merit increase is granted at that time, the employee's original review date will change she/he will be eligible for the next merit increase after one year on paid status from the new review date.

An employee's scheduled merit review date will be adjusted for any time spent by the employee on unpaid leave in excess of 80 hours.

Alternately Staffed Classifications

The incumbents in the alternately staffed classifications may advance to the higher-level after gaining experience, demonstrating proficiency and consistently performing work that meets the qualifications and scope of the higher level class.

Overpayment and Repayment of Funds

The District will not attempt to recover overpayments made to employees as a result of an error made by the District which are over 12 months old.

If an overpayment or unauthorized payment has been made to employee, the District will notify the employee in writing and supply the employee with the documentation used to determine the overpayment.

If the employee contends that any portion or the entire amount is not owed, they may request a meeting with the District to attempt to resolve the disagreement. The employee may have a representative attend such meeting(s) with them.

An employee will pay no penalties, fees or interest as a result of the overpayment when the District and employee mutually agree upon how the repayment will be made. The employee has the right to select one of the following options for repayment:

- A. lump sum payment with the date mutually established
- B. biweekly installment payments
- C. any other repayment arrangement mutually agreed upon.

Section 2. Hours of Work

Normal Workweek

The normal workweek is forty (40) hours, consisting of five (5) consecutive days of eight (8) hours each, excluding meal period, Monday through Friday. Employees will be assigned regularly set starting and quitting times.

The normal workday for field employees is from 7:30 a.m. to 4:00 p.m., with a thirty-minute lunch break at/or near 11:30 a.m. and breaks of fifteen minutes at or near 9:30 a.m. and 2:00 p.m.

The normal workday for office employees is from 8:00 a. m. to 5:00 p. m. with an one-hour lunch break at/or near the middle of the day. Breaks of fifteen minutes near midmorning and near mid-afternoon are provided for office employees.

Flex-Time

Employees are permitted to work flex-time schedules provided that the schedule has been approved in advance by the employee's supervisor and by the General Manager. Flex-time is defined as a workday with a starting/ending time that is different from the normal workday schedule. The General Manager may require an employee to return to a normal workday schedule at any time based upon operational needs.

Alternative Schedule

Employees are permitted to work alternative schedules provided that the schedule has been approved in advance by the employee's supervisor, and by the General Manager. Alternative schedules include changes to the normal workweek, such as 9/80 or 4/10 schedules. For employees working an alternative work schedule, each employee's designated FLSA workweek (160 hours in length) will begin exactly four hours after the start time of his/her eight hour shift on the day of the week that corresponds with the employee's alternating regular day off. The General Manager may require an employee to return to a normal schedule at any time based upon operational needs.

Telecommuting

Employees may be permitted to telecommute for a portion of the workweek upon approval of the employee's supervisor and the General Manager. Any employee approved for telecommuting will be available by both phone and email during the employee's regularly scheduled work hours. The General Manager may discontinue the approval to telecommute at any time.

The General Manager may establish or change alternate, flex and/or regularly scheduled telework within the guidelines of the MOU and existing law and policy.

Attendance

Regular, on-time attendance during all scheduled hours of work is required of all employees. Unsatisfactory attendance, including absenteeism, reporting late or quitting early, is cause for disciplinary action, up to and including discharge.

If an employee is unable to report to work as scheduled, the employee is expected to contact his or her supervisor as far in advance as possible before the employee's starting time. If an employee is unable to reach his or her supervisor, the employee is expected to contact the front office staff.

Section 3. Probationary Period

All new employees are on probation for a period of six (6) months. The General Manager will determine during or at the conclusion of the probationary period whether a probationary employee will continue his or her employment with the District. The General Manager's decision concerning termination, retention or extension of probation with respect to a probationary employee is not subject to the grievance procedures.

Employees who are promoted are also placed on probation for a period of six (6) months. Any promoted employee who is rejected during the probationary period will be reinstated to the position from which the promotion occurred or placed in a similar vacant position, unless the rejection is due to discharge, in which case no reinstatement or alternate placement will occur.

All efforts will be made to sufficiently evaluate the probationary employee during the probationary period. An extension of the probationary period may be recommended by the manager when good cause exists. Such extensions will be for a specific period of time not to exceed three (3) months and must be approved by the General Manager.

Section 4. Uniforms

The District will furnish and launder uniforms for all Field employees at no cost to the employees. Uniforms must be worn at all times while on duty. The District will also provide (1) pair of safety shoes per year for all field employees at no cost to the

employee. Upon approval of the General Manager or designee, more than one pair of safety shoes may be issued to an employee during a given year.

Employees who are occasionally assigned to work in the field may be required to wear District-issued clothing when performing such field work. These employees are responsible for the laundering of this clothing.

Uniform allowance – compensation paid or the monetary value for the purchase, rental and/or maintenance of required clothing, which is a ready substitute for personal attire the employee would otherwise have to acquire and maintain – is considered as reportable special compensation for classic members under CalPERS rules. The uniform allowance is currently assessed at \$50 per month for Field Employees who are classified as CalPERS classic members (does not apply to employees who joined CalPERS membership on or after January 1, 2013).

Section 5. Holidays

Paid Holidays

The following are paid holidays for covered full-time employees:

- Day before New Year's Day
- New Year's Day
- Good Friday (half-day)
- Memorial Day
- Independence Day
- Labor Day
- Veterans Day
- Presidents Day
- Thanksgiving Day
- Day after Thanksgiving
- Day before Christmas
- Christmas Day
- Employee's Birthday

If a holiday falls on a Sunday, it will be observed on the following Monday. If a holiday falls on Saturday it will be observed the preceding Friday.

Entitlement to Holiday Pay

An employee must work his/her regularly scheduled work day immediately before and after the holiday in order to receive holiday pay, unless the employee is unable to do so on account of bona fide illness or unless the absence has been expressly approved by the District. If an employee works on a holiday (except on employee's birthday), the employee will receive regular pay for that day plus the choice of overtime at time and one half the employee's regular pay or compensatory time off at one and one half time for the hours worked on the holiday. Employees will not be eligible for overtime pay if they choose to work on their birthday, instead they can bank 8 hours to be used at a different time in the same year.

Holiday During Vacation

If a holiday falls on an employee's scheduled vacation day, the employee will use holiday pay instead of vacation pay.

Sick Time During Vacation

If an employee happens to be sick while on vacation, the employee may use sick time instead of vacation in accordance with the rules in Section 7.

Section 6. Vacation**Vacation Accrual**

Vacation accrual will be on a per pay period basis beginning at date of hire as a regular employee. Full-time covered employees accrue vacation in accordance with the following schedule:

| Length of Service | Accrual Per Year | Accrual Per Pay-Period |
|--------------------------|-------------------------|-------------------------------|
| Up to 2 years | 10 working days | 3.07 hours |
| 2 years through 7 years | 15 working days | 4.62 hours |
| Over 7 years | 20 working days | 6.15 hours |

Vacation Scheduling

Vacation requests will be approved based upon consideration of efficient operations of the District. Vacation periods of qualified employees will be set with regard for the wishes and seniority of the employee and a reasonable effort will be made to accommodate each employee's request for the use of vacation time. Any disputes will be resolved by the General Manager who has the exclusive authority to make decisions regarding scheduling of vacation.

Maximum Vacation Accrual

As of June 30th of each year, employees with over 200 hours of accrued vacation will be paid for all hours over 200 unless an employee elects to contribute an equivalent cash amount to their 457 Plan. Subject to approval by the General Manager, employees may exceed the annual 200 hour cap if excess vacation is scheduled to be taken no later than December 31st of that year.

Section 7. Sick Leave

The purpose of sick leave is to provide paid leave time to be used by employees in the event of their personal illness, injury, or medical appointments, or the medical necessity of others as specified below.

Sick Leave Accrual

Full-time employees accrue sick leave at the rate of 3.69 hours per pay period (12 days per year). Employees may accumulate sick leave credit of up to 400 hours. As of June 30th of each year, up to 48 hours of sick leave accrued over the 400-hour limit may be converted to vacation, at a rate of 50%, on an annual basis. There is no cash-out of accumulated sick leave credit.

Sick leave does not continue to accrue while an employee is on a leave of absence of thirty (30) calendar days or more.

Use of Sick Leave

An employee is required to contact their immediate supervisor with the need for sick leave and its probable duration as far in advance as possible. Sick leave will not be granted unless such notice or advance request has been made; however, the General Manager may authorize an exception when it is determined that the employee's failure to notify was due to extreme circumstances beyond the control of the employee.

Verification of Illness or Injury

Verification of illness or injury, in the form of a doctor's certification, may be required after five (5) consecutive days of absence. The doctor's certificate must include the following information: date the condition began, the probable duration of the condition and appropriate medical facts in order to support an employee's claim to take sick leave. A note from the employee is not acceptable, nor is a doctor's certification that is issued after the date of absence. A doctor's release to return to work may also be required for use of sick leave in excess of three consecutive days. The certification must include the date the employee is released to return to work and work restrictions, if any.

California Family Sick Leave

In accordance with California Labor Code Section 233, employees may use up to one-half of their annual sick leave accrual to attend to the illness of a child, parent, spouse, registered domestic partner or the child of a registered domestic partner. For purposes of this leave, parent and child include biological, foster, adopted, step or legal guardian relationships.

Emergency or Personal Leave

An employee may use up to 24 hours of accrued sick leave for Emergency or Personal Leave per calendar year. Except in cases of dire emergency, the normal request for an approval process must be made.

Bereavement Leave

An employee may use up to 24 hours of accrued sick leave for Bereavement Leave in the event of a death in the employee's immediate family. Immediate family is defined as: parent, parent-in-law, grandparent, brother, sister, spouse, domestic partner,

child, or any person living in the employee's home. If an employee does not have sufficient accrued sick leave when needed for the Bereavement Leave, the District will advance up to 24 hours with pay, which is to be repaid with the first 24 hours of sick leave accrued upon the employee's return to work. Should the employee terminate before the advanced pay is repaid, the amount of the advance that has not been repaid will be deducted from his/her final paycheck.

Section 8. Leaves of Absence

Paid Leaves of Absence

Jury Duty Leave: An employee may attend jury duty in accordance with their legal obligation to do so. If an employee serves as a juror, the District will pay the difference between the employee's normal wages and jury duty pay for the period of jury service. It is the responsibility of the employee to provide appropriate documentation if available from the court, such as a copy of the prospective juror's summons or attendance card, to his or her manager or supervisor immediately upon receipt and/or returning to work. In order to receive pay for time spent as a juror, an employee must submit verification of jury duty pay.

Military Duty Leave: In accordance with the California Veteran's and Military Code Section 389 et seq. and the Uniformed Services Employment and Reemployment Rights Act ("USERRA") 38 U.S.C. Section 4301 et seq., an employee who is a member of the National Guard or any reserve component of the armed services of the United States will be granted a military leave of absence to engage in ordered military duty for a period not to exceed 180 calendar days. Pursuant to state law, eligible employees will be granted up to thirty (30) calendar days per fiscal year of paid leave for any reserve training or active duty.

Elections Day: Eligible employees will be granted time off with pay to vote at any general or primary election as provided by California Elections Code.

Unpaid Leaves of Absence

Leave of absence without pay is typically granted to an employee in critical situations such as extended illness, disability or personal emergency and may be granted in non-critical situations where such absence would not be contrary to the best interests of the District.

Personal Leave: An employee may request an unpaid personal leave of absence by submitting their request in writing to the General Manager. The request must include specific begin and end dates for the leave. The General Manager has the exclusive authority to approve/ not approve any request for a leave of absence, and will consider each request in light of the District's needs. If a leave of absence is granted, the

employee may at their option use any accrued vacation time in lieu of taking unpaid leave.

Medical Leave: If an employee is unable to perform their job due to a medical condition, the employee may submit a written request to the General Manager for a leave of absence of up to thirty (30) calendar days. The written request must include specific begin and end dates and medical certification verifying the need for the leave from the employee's health care provider. The employee must utilize all accrued paid sick leave while on a medical leave of absence. Sick leave benefits can be coordinated with State Disability Insurance (SDI) benefits, provided that the combined SDI benefit and sick leave pay does not exceed 100% of the employee's normal wages. Employee will continue to accrue sick and vacation benefits while on medical leave for the first thirty (30) calendar days.

If an employee is unable to return to work after thirty (30) calendar days, a request for an extension of the medical leave for up to additional sixty (60) calendar days may be submitted to the General Manager. The General Manager, or designee, will notify the employee of the decision granting or denying the request for an extension of the leave. No vacation, holidays, sick leave or any other paid benefit will be accrued or earned during an unpaid leave of absence exceeding the first thirty (30) calendar days.

FMLA/CFRA: The District is a covered employer under Federal Medical Leave Act (FMLA) and California Family Rights Act (CFRA) and complies with prescribed employer notice requirements. Employees of the District are not eligible for FMLA/CFRA leave.

In returning an employee to work, the District will comply with all state laws concerning the employment of persons with disabilities and will act in accordance with regulations issued by the Equal Employment Opportunity Commission (EEOC).

Pregnancy Disability Leave: In accordance with the California Pregnancy Disability Act, employees disabled by pregnancy related medical conditions are entitled to leave of up to 4 months (88 working days).

Section 9. Health and Welfare Benefits

Medical Insurance

The District provides a medical program that consists of a portfolio of PPO plans, HMO plans and Consumer Driven Health Plan (CDHP). Employees will have the option to enroll in any plan and the District will pay an amount equal to 100% of the cost of the CDHP or equivalent premium for the applicable category (employee, employee plus one or employee plus family). Employees choosing to enroll in a plan that costs more than the CDHP or equivalent plan will pay the difference through payroll deduction, on a pre-tax basis.

Health Savings Account (HSA)

HSA is only available to employees enrolled in CDHP or equivalent (Account Based Health Plan, High Deductible Health Plan). Employees enrolled in CDHP may contribute to their HSA through payroll deductions, on a pre-tax basis.

The District deposits \$2,200 in January to each individual HSA for the employees who are eligible and have chosen HSA as the savings vehicle to assist with their current and future medical expenses.

New enrollments in CDHP or equivalent during the calendar year, if accompanied by HSA will result in a prorated District contribution deposited as soon as practicable.

Medical Coverage Waiver

Employees who have medical insurance from a source other than the District may opt out of medical coverage by providing annual written proof of the alternative medical coverage to the District. The District will pay eligible employees \$250 per month in lieu of providing medical coverage.

Dental and Vision Insurance

The District provides and covers the full cost of a dental insurance plan and vision insurance plan for the applicable category (employee, employee plus one or employee plus family).

Life Insurance

The District provides employees life insurance in an amount equal to the employee's regular annual salary, excluding overtime.

AD&D Insurance

The District provides accidental death and dismemberment (AD&D) insurance to employees.

EAP

The District provides an Employee Assistance Program (EAP) to employees.

Retiree Health Benefits

Employees Retired Prior to June 30, 2014

For employees who retired from the District with ten or more years of service, the District contributes toward medical, dental and vision benefits an amount equal to 100% of the District paid premium for employee only or employee plus one coverage.

Retiree medical, vision and dental benefits are not vested benefits.

Retirees must enroll with Medicare for primary coverage at the earliest age for which they are eligible for Medicare coverage. The District contributes toward the med-

ical benefits an amount equal to 100% of the premium of the lowest Medicare plan offered in the District health insurance program (effective January 1, 2017). If an eligible retiree does not enroll, the retiree will be responsible for and required to pay the difference between their medical premium and what the District would have been required to pay if the retiree had enrolled with Medicare for primary medical coverage.

Retiree Health Benefits – Employees Retired After June 30, 2014

As of the Effective July 1, 2014, the District discontinued the retiree health benefit described above. To assist employees with their current and future medical expenses, the District contributes \$2,200 per year into either the employee's Health Savings Account (HSA) or 457 Deferred Compensation Plan with the exception of the following:

Employees who had accumulated 10+ years of service with the District as of June 30, 2014 and will retire from the District are grandfathered into the retiree benefit program as described above and receive a \$1,200 per year contribution into either the employee's Health Savings Account or 457 Deferred Compensation Plan.

The HSA contributions are deposited in January and the 457 contributions in each pay period.

Registered Domestic Partners

The District provides medical, dental and vision benefits to employees with Domestic Partners registered with the State of California equivalent to those provided to employee's spouse.

Section 10. California Public Employees Retirement

The District contracts with the California Public Employees Retirement System (CalPERS) to provide retirement benefits for eligible employees. The retirement plan is a defined benefit plan, which means that upon retirement, employees will receive a monthly benefit determined by a set formula. CalPERS uses an employees' years of service, age at retirement and the average of either the highest one-year or three-year compensation period, to determine retirement benefits. Additionally, when an employee began employment with a CalPERS contracted employer determines the level of benefits the employee will receive upon retirement. CalPERS has defined employees who entered into employment with a CalPERS contracted employer before January 1, 2013 "classic members." Employees hired on or after January 1, 2013 (and new to CalPERS membership) are defined as "new members".

Employees hired prior to July 1, 2011

The District has contracted with CalPERS to provide the 2.7% at 55 retirement benefit to eligible District employees hired prior to July 1, 2011.

Employees hired on or after July 1, 2011 and before January 1, 2013

The District has contracted with CalPERS to provide the 2.0% at 55 retirement benefit to eligible District employees hired on or after July 1, 2011.

Employees hired on or after January 1, 2013

The District has contracted with CalPERS to provide the 2.0% at 62 retirement benefit to eligible District employees hired on or after January 1, 2013 In accordance with the 2013 Public Employees' Pension Reform Act (PEPRA).

The District pays 100% of the employer contributions, as determined by CalPERS, for each of the three levels of retirement benefit. Employees of the District pay 100% of the employee contributions, as determined by CalPERS, for their applicable level of retirement benefit.

The District will maintain the IRS 414(h)(2) provision that allows employees to defer State and Federal income taxes on their retirement contributions.

Section 11. Reimbursement

Tuition

Employees will be reimbursed for the cost of tuition and textbooks incurred in taking District approved educational courses. Tuition/textbooks will be reimbursed after successful completion of the approved course. Employees must obtain approval from the General Manager before enrolling in any course for which the employee will seek reimbursement. Approved courses must be relevant (improve job skills and knowledge) to the employee's current job or a higher-level District classification. The maximum tuition reimbursement amount paid by the District per year will be the IRS non-taxable limit.

Licenses and Certificates

Employees will be reimbursed for the cost of licenses and certificates which are required to perform their job duties. For required certifications (as specified in the job descriptions), the District will pay one time on behalf of eligible employees the up-front costs associated with sitting for the applicable test. If the employee fails the test, all subsequent costs associated with retaking the test are the employee's responsibility. Once the employee has passed the test, the District will pay, on behalf of eligible employees, the fee required to obtain the certificate itself.

ARTICLE V: SAFETY

The District and the Union recognize the importance of compliance with safety regulations to ensure a safe and healthy work environment, as described in the Employee Handbook.

ARTICLE VI: GRIEVANCE PROCEDURE

The following procedure is established as a result of a mutual interest on the part of the District and the Union to settle grievances quickly and fairly. Employees and/or their representative will not be discriminated against, coerced, or interfered with in any way as a result of filing a grievance. An employee may request representation by the Union at any stage of the grievance procedure. At any point in the grievance process the parties may agree to extend the timelines. The party's request for an extension must be in writing and will not be unreasonably denied by either party.

Section 1. Grievance Defined

A grievance is any dispute between the District and an employee or the Union concerning the interpretation or application of this Agreement; or rules or regulations governing personnel practices or working conditions within the scope of representation.

Matters excluded from the grievance process include, counseling, oral and written reprimands, performance improvement plans, evaluation process, release of an employee during their initial probationary period, and hiring decisions. Written reprimands and performance evaluations are appealable to the next higher level of supervision.

Employees are entitled to representation during the grievance process. Employees will have the right to represent their own grievance or do so through a Union representative. If an employee chooses to take the grievance on their own, it will be at the employee's expense.

Section 2. Informal Grievance Procedure

Employees are encouraged to act promptly to attempt to resolve disputes with their manager/supervisor through an informal procedure. A meeting between the manager/supervisor and the employee should take place whenever requested by either party to assist, to clarify or resolve the grievance. The employee may be accompanied by their Union representative at the informal meeting. Any resolution reached at the informal step must be in accordance with the provisions of this agreement, or other rule or ordinance and will not set precedent.

Section 3. Formal Grievance Procedure

Step 1. Within twenty (20) working days of the occurrence or discovery of an alleged grievance, the formal grievance procedure may be initiated by employee or Union filing an appropriate Notice of Grievance form with the Division Head or designee.

Meetings with the employee, Union representative(s), and the applicable manager and other parties will take place for the purpose of attempting to resolve and/or clarify the

issues of the grievance within fifteen (15) working days of receipt of the formal grievance.

The Division Head or their designated representative will issue a decision in writing within fifteen (15) working days of the grievance meeting. A copy will be directed to the Union and the grievant.

All steps of the grievance procedure will be utilized unless the parties mutually agree to waive one or more steps. If the employee or the Union fails to process a grievance within the specified time limits, the grievance will be deemed concluded on the basis of the last decision reached. If the District fails to respond within the specified time limits, the grievant may appeal to the next step, within the specified time limits. Time limits in this article may be extended if mutually agreed upon by the parties in writing.

Step 2. Within fifteen (15) working days from the Step 1 decision and with concurrence of the Union, the formal grievance may be submitted to the General Manager.

If agreed to by the parties involved, a meeting with the GM, Union representative, applicable Manager and parties will take place for the purpose of attempting to resolve and/or clarify the issues of the grievance. The GM or their designated representative will issue a decision within fifteen (15) working days after the termination of Step 2.

Section 4. Mediation

If the employee remains dissatisfied with the decision of the General Manager, the parties may submit the matter to mediation through the State Mediation and Conciliation Service. The mediation process shall be confidential and nothing occurring therein shall be disclosed unless and until the terms of a mutually agreeable settlement of the dispute is reached.

Section 5. Board Concurrence.

The decision of the mediator may be submitted to the District Board of Directors for approval, modification or reversal. Board of Directors decision will be final and binding.

ARTICLE VII: DISCIPLINARY PROCEDURE

The following procedure is established as a result of a mutual interest on the part of the District and the Union to resolve disciplinary matters. The District will issue no discipline without just cause.

Section 1. Right to Representation

If a situation arises where an employee will be formally disciplined by an applicable manager, the employee will be notified that they have the right to have Union represen-

tation. Any employee who reasonably believes that a meeting with their manager/supervisor may result in disciplinary action against them may request to have a representative in the meeting. If a Union representative is not available at the time of the meeting, the applicable manager will arrange an alternative meeting as soon as possible.

Section 2. Examples of Employee Misconduct

Examples of employee misconduct include, but are not limited to, chronic absenteeism, incompetence, failure to follow work rules, insubordination, and misstatement of facts on an application or other personnel documents, falsification of work or time records, absence without authorized leave and without just cause.

Section 3. Progressive Discipline

The District will follow the principles of progressive discipline, as appropriate.

Section 4. Disciplinary Actions

Disciplinary actions should be designed to fit the nature of the issue and may include counseling, oral and written reprimands, suspension, demotion, discharge, or other appropriate action. The particular action imposed depends on the severity of the misconduct and the particular factual circumstances involved.

Section 5. Pre-Disciplinary Procedures

- A. An employee who will be investigated for possible misconduct by management will be notified by management within fifteen (15) working days of the start of the formal disciplinary investigation by the District. Management will make every effort to complete the investigation within sixty (60) days. If the investigation will take longer to complete, management will update the employee and the Union every thirty (30) days until the investigation is completed. The time limits identified in this section are not grievable.
- B. Following the completion of the employer's formal disciplinary investigation where formal discipline (demotion, suspension or termination) is being recommended, the appropriate authority will prepare a Written Notice of Recommended Disciplinary action to be served on the employee in person or by registered mail. A copy will be sent to the Union. No Written Notice of Recommended Disciplinary action will be required for informal discipline (counseling, oral and written reprimands).
- C. For matters of formal discipline (demotion, suspension, or termination), the appropriate level of authority for preparing such recommended discipline will be the General Manager. For all informal disciplinary matters (counseling, oral and writ-

ten reprimands), the appropriate level of authority for preparing such recommended discipline shall be the applicable manager.

- D. The Written Notice of Recommended Disciplinary action will state the specific grounds and facts upon which the action is based and will be provided to the employee, and the Union.
- E. Copies of any known materials, reports, or other documents upon which the intended action is based will be served with the Written Notice of Recommended Disciplinary action to the employee, and copies will be provided to the Union.
- F. Employee will be accorded the right to respond in writing to the Written Notice of Recommended Disciplinary action, and any such written response shall be served by employee within fifteen (15) working days from the District's service of the Written Notice of Recommended Disciplinary action. A copy of any such written response will be provided to the Union should they not originate from the Union.
- G. For matters of formal discipline, (suspension, demotion, termination), within fifteen (15) working days of receipt of the Written Notice of Recommended Disciplinary action, employee will be accorded the right to request a Skelly Hearing with the General Manager. The General Manager will designate a Skelly Hearing Officer who has the authority to recommend to uphold, modify or revoke the recommended disciplinary action. A copy of the Skelly hearing notice will be provided to the Union. The Skelly Hearing will be scheduled and held as soon as practicable after receipt of the request.
- H. Following the Skelly hearing, the appropriate General Manager will issue the Notice of Final Disciplinary action, including the effective date of any discipline to be imposed. The notice is to include the Hearing Officer decision as an attachment.
- I. At any time in the discipline process the failure of the Union to adhere to the time limits set forth in the MOU will cause forfeiture for their case.
- J. Adverse entries on the employee record more than three (3) years old will not be admitted into evidence or considered to support the charges at any level of the grievance or arbitration procedures. The three (3) year limitation will not apply to previous disciplinary actions related to egregious conduct such as harassment (including sexual harassment), retaliation, potential criminal activity, violence, willful destruction of property, or potential injury to the employee or others.

Section 6. Mediation

If the employee remains dissatisfied with the decision of the General Manager, the parties may submit the matter to mediation through the State Mediation and Conciliation Service. The mediation process shall be confidential and nothing occurring therein shall

be disclosed unless and until the terms of a mutually agreeable settlement of the dispute is reached.

Section 7. Board Concurrence.

The decision of the mediator may be submitted to the District Board of Directors for approval, modification or reversal. Board of Directors decision will be final and binding.

Section 8. Probationary Employees

Initial probationary employees may be subject to release from District service and are not subject to review under any provisions of this agreement.

ARTICLE VIII. SAVINGS CLAUSE

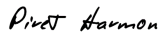
If any provision, sentence, clause or phrase of this policy or the application of said provision, sentence, clause or phrase to any person or circumstance is for any reason held to be invalid or not in accordance with applicable provisions of Federal, State or local laws or regulation, the remainder of this policy, or the application thereof to persons or circumstances other than those as to which it is held invalid, will not be affected thereby.

ARTICLE IX: MISCELLANEOUS


Section 1. Community Service/Volunteering

The District and the Union strive to be a strong community supporter and affiliate. The employees are encouraged and expected to meaningfully participate in the community by volunteering on behalf of the District in assisting schools, non-profit and community organizations at minimum 4 hours each year.

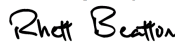
The undersigned parties, duly authorized to do so, execute this revision to Memorandum of Understanding effective on **March 9, 2017**

DocuSigned by:

1C230EFF40B44D1...
Piret Harmon
General Manager
Scotts Valley Water District


Date: 3/16/2017

DocuSigned by:

709B1DE6A7AC481...
John Tucker
Business Agent
AFSCME Local 101

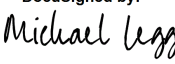
Date: 3/28/2017

DocuSigned by:

3A640240BE634BD...
Rhett Beatton, Representative
SVWD Employees Union

Date: 3/20/2017

DocuSigned by:

605DB47AB2FE404...
Eileen Eisner-Streller, Representative
SVWD Employees Union

Date: 3/23/2017

DocuSigned by:

3694759AEE384E5...
Michael Legg, Representative
SVWD Employees Union

Date: 3/20/2017

EXHIBIT A COVERED EMPLOYEES Effective 08/04/2017

Administrative Office Assistant
Accounting Technician / Accounting Specialist *
Electrician / Instrumentation Technician
Engineering Technician
Lead Water Facilities Operator
Utility Service Representative, Field
Utility Service Representative, Office
Water Facilities Operator I / II *
Water Facilities Operator III
Water Operations Supervisor
Water Use Efficiency Coordinator

*Alternately staffed position

EXHIBIT B SALARY SCHEDULE**SALARY SCHEDULE 03/09/2017**

| | % Step Increase | | | | | | |
|--|------------------------|----------|----------|----------|----------|----------|----------|
| | A | B | C | D | E | F | G |
| Water Operations Supervisor | 41.22 | 43.29 | 45.45 | 47.72 | 50.11 | 51.61 | 53.16 |
| Lead Water Facilities Operator | 34.35 | 36.07 | 37.87 | 39.76 | 41.75 | 43.01 | 44.30 |
| Electrician/Instrumentation Technician | 33.51 | 35.18 | 36.94 | 38.79 | 40.73 | 41.95 | 43.21 |
| Water Facilities Operator III | 31.20 | 32.76 | 34.40 | 36.12 | 37.93 | 39.06 | 40.24 |
| Water Facilities Operator II | 28.36 | 29.78 | 31.27 | 32.83 | 34.47 | 35.51 | 36.57 |
| Water Facilities Operator I | 25.41 | 26.68 | 28.02 | 29.42 | 30.89 | 31.82 | 32.77 |
| Utility Service Representative, Field | 25.41 | 26.68 | 28.02 | 29.42 | 30.89 | 31.82 | 32.77 |
| Utility Service Representative, Office | 25.41 | 26.68 | 28.02 | 29.42 | 30.89 | 31.82 | 32.77 |
| Accounting Technician | 27.19 | 28.55 | 29.98 | 31.48 | 33.05 | 34.04 | 35.06 |
| Accounting Specialist | 31.68 | 33.26 | 34.93 | 36.67 | 38.51 | 39.66 | 40.85 |
| Water Use Efficiency Coordinator | 27.96 | 29.36 | 30.82 | 32.37 | 33.98 | 35.00 | 36.05 |
| Engineering Technician | 27.96 | 29.36 | 30.82 | 32.37 | 33.98 | 35.00 | 36.05 |

Step Progression Plan:

First step increase at the end of probation and establishes the Merit Review Date

Subsequent Step Increases (5% through Step E, 3% for Step F and Step G) occur annually on Merit Review Date.

| | | | | | | | |
|--|------------------------|--------------|----------|----------|----------|----------|----------|
| SVWD EMPLOYEE ORGANIZATION | EFFECTIVE | 8/11/2017 | | | | | |
| SALARY SCHEDULE - HOURLY | | | | | | | |
| UPDATED w/ COLA EFFECTIVE 7/4/2016 | COLA | 3.10% | | | | | |
| | % Step Increase | | | | | | |
| | | 5% | 5% | 5% | 5% | 3% | 3% |
| | A | B | C | D | E | F | G |
| Water Operations Supervisor | 42.50 | 44.62 | 46.85 | 49.20 | 51.66 | 53.21 | 54.80 |
| Lead Water Facilities Operator | 35.41 | 37.19 | 39.04 | 41.00 | 43.05 | 44.34 | 45.67 |
| Electrician/Instrumentation Technician | 34.55 | 36.28 | 38.09 | 39.99 | 41.99 | 43.25 | 44.55 |
| Water Facilities Operator III | 32.17 | 33.78 | 35.46 | 37.24 | 39.10 | 40.27 | 41.48 |
| Water Facilities Operator II | 29.24 | 30.70 | 32.24 | 33.85 | 35.54 | 36.61 | 37.70 |
| Water Facilities Operator I | 26.20 | 27.51 | 28.88 | 30.33 | 31.84 | 32.80 | 33.78 |
| Utility Service Representative, Field | 26.20 | 27.51 | 28.88 | 30.33 | 31.84 | 32.80 | 33.78 |
| Accounting Specialist | 32.66 | 34.30 | 36.01 | 37.81 | 39.70 | 40.89 | 42.12 |
| Accounting Technician | 28.03 | 29.43 | 30.91 | 32.45 | 34.07 | 35.10 | 36.15 |
| Utility Service Representative, Office | 26.20 | 27.51 | 28.88 | 30.33 | 31.84 | 32.80 | 33.78 |
| Water Use Efficiency Coordinator | 28.83 | 30.27 | 31.78 | 33.37 | 35.04 | 36.09 | 37.17 |
| Engineering Technician | 28.83 | 30.27 | 31.78 | 33.37 | 35.04 | 36.09 | 37.17 |
| Administrative Office Assistant | 26.20 | 27.51 | 28.88 | 30.33 | 31.84 | 32.80 | 33.78 |
| | | | | | | | |
| | | | | | | | |
| Step Progression Plan: | | | | | | | |
| First step increase at the end of probation and establishes the Merit Review Date | | | | | | | |
| Subsequent Step Increases (5% through Step E, 3% for Step F and Step G) occur annually on Merit Review Date. | | | | | | | |

**Side Letter Agreement
between the Scotts Valley Water District (SVWD)
and SVWD Employees Union AFSCME Local 101 AFL-CIO(Union)**

It is agreed that the Memorandum of Understanding (MOU) effective July 1, 2016 through June 30, 2019 (revised March 9, 2017) between the SVWD and the Union is modified as follows:

ARTICLE IV: WAGES AND BENEFITS

Section 1. Wages

Overtime Pay

Overtime is defined as all ~~management authorized hours in a paid status hours required and pre-authorized by management and actually worked by the employee~~ in excess of forty (40) hours per workweek. When overtime work is necessary, the employee will be given advance notice to the extent possible. An employee may be excused from overtime work for legitimate reasons. Overtime is calculated in accordance with the Fair Labor Standards Act (FLSA). FLSA overtime is compensated in pay at time and one half (1 ½) the employees regular rate. Double time (two times the regular rate) will be paid for hours worked in excess of twelve hours per workday.

Only the modification stated above is specifically agreed upon in this side letter agreement. All other Articles and Sections of the MOU will remain unchanged and in effect for the duration of the MOU.

The undersigned parties, duly authorized to do so, execute this revision to Memorandum of Understanding on November 7, 2017.

DocuSigned by:
Piret Harmon

1C236EFF40B44D1...
Piret Harmon, General Manager
Scotts Valley Water District

Date: 11/8/2017

DocuSigned by:
Carol McEwan

1BFF408ECE4A4CE...
Carol McEwan, Business Agent
AFSCME Local 101

Date: 11/13/2017

DocuSigned by:
Rhett Beatton

3A640240BE634BD...
Rhett Beatton, Representative
SVWD Employees Union

Date: 11/9/2017

DocuSigned by:
Mike Legg

3691759AFF384E5...
Michael Legg, Representative
SVWD Employees Union

Date: 11/13/2017

**EXHIBIT B SALARY SCHEDULE
SALARY SCHEDULE - HOURLY
UPDATED w/ 3.2 % COLA
EFFECTIVE 7/3/2018**

| | % Step Increase | | | | | | |
|--|-----------------|-------|-------|-------|-------|-------|-------|
| | 5% | 5% | 5% | 5% | 3% | 3% | |
| | A | B | C | D | E | F | G |
| Water Operations Supervisor | 43.86 | 46.05 | 48.35 | 50.77 | 53.31 | 54.91 | 56.56 |
| Lead Water Facilities Operator | 36.55 | 38.38 | 40.29 | 42.31 | 44.42 | 45.76 | 47.13 |
| Electrician/Instrumentation Technician | 35.65 | 37.44 | 39.31 | 41.27 | 43.34 | 44.64 | 45.98 |
| Water Facilities Operator III | 33.20 | 34.86 | 36.60 | 38.43 | 40.35 | 41.56 | 42.81 |
| Water Facilities Operator II | 30.17 | 31.68 | 33.27 | 34.93 | 36.68 | 37.78 | 38.91 |
| Water Facilities Operator I | 27.04 | 28.39 | 29.81 | 31.30 | 32.86 | 33.85 | 34.86 |
| Utility Service Representative, Field | 27.04 | 28.39 | 29.81 | 31.30 | 32.86 | 33.85 | 34.86 |
| Accounting Specialist | 33.71 | 35.39 | 37.16 | 39.02 | 40.97 | 42.20 | 43.47 |
| Accounting Technician | 28.93 | 30.38 | 31.90 | 33.49 | 35.16 | 36.22 | 37.31 |
| Utility Service Representative, Office | 27.04 | 28.39 | 29.81 | 31.30 | 32.86 | 33.85 | 34.86 |
| Water Use Efficiency Coordinator | 29.75 | 31.24 | 32.80 | 34.44 | 36.16 | 37.25 | 38.36 |
| Engineering Technician | 29.75 | 31.24 | 32.80 | 34.44 | 36.16 | 37.25 | 38.36 |
| Administrative Office Assistant | 27.04 | 28.39 | 29.81 | 31.30 | 32.86 | 33.85 | 34.86 |

Step Progression Plan:

First step increase at the end of probation and establishes the Merit Review Date

Subsequent Step Increases (5% through Step E, 3% for Step F and Step G) occur annually on Merit Review Date.