

**ADMINISTRATION AND FINANCE
COMMITTEE MEETING
AND
SPECIAL MEETING OF THE
BOARD OF DIRECTORS**

**Tuesday, June 7, 2022
4:00 P.M.**

Committee Members:

Jennifer Santana, Chair
Tony R. Fellow, Vice-Chair

SPECIAL NOTICE - Teleconference Accessibility

Pursuant to the newly adopted provisions of the Brown Act and consistent with the Board's Resolution ratifying the declaration of a state of emergency by the State of California in response to the COVID-19 pandemic, the Upper District will hold the public hearing and its board meeting via teleconference or the most rapid means of communication available at the time. Instructions to participate in the teleconference are below:

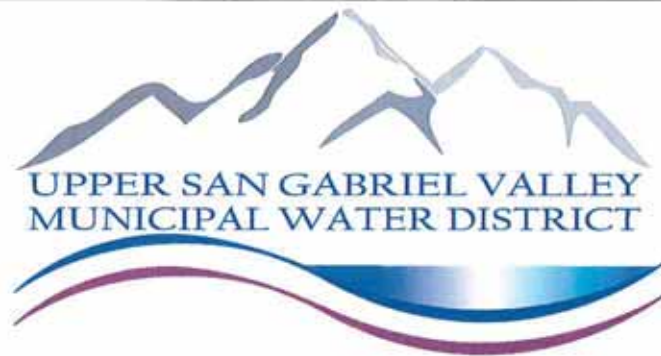
Join Zoom Meeting

<https://us02web.zoom.us/j/82219507521>

**Telephone Dial: 1 (669) 900-6833
Meeting ID: 822 1950 7521**

Public comments may be made through teleconference when prompted by the Chair during the public comment period. Public comments may also be provided by emailing Venessa@usgvmwd.org in advance of the meeting. Please indicate "PUBLIC COMMENT" in the subject line.

If you have difficulty connecting to the teleconference line, please call (626) 443-2297 or email Ruben@usgvmwd.org. It may take a few minutes to join Zoom or connect via telephone so please join early.



602 E. Huntington Drive, Suite B
Monrovia, CA 91016

(626) 443-2297
www.upperdistrict.org

*The Administration and Finance Committee meeting is noticed as a joint committee meeting with the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Administration and Finance Committee may attend and participate as members of the Board, whether or not a quorum of the Board is present. To preserve the function of the Committee as advisory to the Board, members of the Board who are not assigned to the Administration and Finance Committee will not vote on matters before the Committee.

Communications

1. Call to Order
2. Public Comment

Discussion/Action

3. Additional Discretionary Payment for Upper District's Unfunded Accrued Liability with CalPERS and Participation in the California Employers' Pension Prefunding Trust Program *(Staff memorandum enclosed.)*
4. Executive Management Employee Manual *(Staff memorandum enclosed.)*

Oral Reports

5. Information Technology Update

Other Matters

- 6.

Adjournment

Next Meeting: Tuesday, August 2, 2022 at 4:00 p.m.



American Disabilities Act Compliance *(Government Code Section 54954.2(a))*

To request special assistance to participate in this meeting, please contact the Upper District office at (626) 443-2297 or venessa@usgvmwd.org at least 24 hours prior to meeting.



MEMORANDUM



ITEM 3.

DATE: June 3, 2022
TO: Administration and Finance Committee and Board of Directors
FROM: General Manager
SUBJECT: Additional Discretionary Payment for Upper District's Unfunded Accrued Liability with CalPERS and Participation in the California Employers' Pension Prefunding Trust Program

Recommendation

Staff recommends that the Board of Directors:

1. Authorize an additional discretionary payment of \$1 million to CalPERS to reduce Upper District's unfunded accrued liability related to pension.
2. Approve Upper District's participation in the California Employers' Pension Prefunding Trust Program (CEPPT) Program authorizing the following:
 - a) Execution of the participation agreement with CEPPT (Attachment 1);
 - b) Designation of the General Manager and the Director of Finance and Administration as authorized officers for requesting disbursements from CEPPT on behalf of Upper District (Attachment 2); and
 - c) An initial one-time trust funding for the CEPPT program of \$500,000.

Background

Based on the CalPERS's most recent actuarial valuation report with measurement date June 30, 2020, Upper District's unfunded accrued liability (UAL) for pension is \$3.03 million. Upper District is required to make regular payments on this liability which for FY 2022/23 will amount to \$245,575 and is expected to increase to \$316,000 by fiscal year 2027/28. This payment towards the UAL is in addition to the monthly normal cost retirement contributions Upper District makes for its employees. Staff researched options to stabilize pension costs, projected to continue to increase over time, and recommends two things:

1. Making an additional discretionary payment to CalPERS towards Upper District's UAL; and
2. Establishing a Section 115 trust fund for future pension contributions.

Additional Discretionary Payment for CalPERS UAL

The latest CalPERS valuation as of 6/30/2020, indicates Upper District's pension plan is funded at about 73%. Note that the 6/30/2020 valuation does not include the investment returns for 2021 and 2022. Working with a CalPERS actuary, staff ran scenarios assuming an additional payment of \$1 million. Results showed that that this additional payment could potentially save the District about \$1.03M in interest payments using the CalPERS current discount rate of 6.8%. In addition, Upper District pension plan's funded status will increase from 73% to about 81% by the end of fiscal year 2022/23 to almost fully funded status by fiscal year 2034/35, again assuming a 6.8% discount rate.

Section 115 Irrevocable Trust

In 2014, the Board authorized the establishment of a trust fund with the California Employers' Retiree Benefit Trust (CERBT) to address the growing unfunded liability related to Upper District's other postemployment benefits (OPEB). At that time, the OPEB net liability amounted to \$2.97 million. With regular contributions into the trust and an annualized net rate of return equivalent to 6.22%, the OPEB net liability decreased significantly to \$0.20 million according to the most recent valuation report with measurement date June 30, 2021.

At this time, staff recommends the creation of a similar Section 115 irrevocable trust fund with an initial contribution of \$500,000, this time to address the remaining unfunded accrued liability related to pension. Prefunding pension obligations through a Section 115 trust has the following advantages:

1. Offer potentially better yields than the Local Agency Investment Fund (LAIF) over time.
2. Demonstrates fiscal responsibility which may favorably impact credit rating.
3. Assets can be accessed to stabilize rates and offset future contribution increases - acts as a rainy day fund during adverse budgetary or economic conditions.
4. Contributions to the trust are voluntary and therefore controlled by Upper District.
5. Funds deposited into the trust can only be used to pay pension obligations.

Staff evaluated two potential administrators of the Section 115 Irrevocable Trust for pension - CalPERS and Public Agency Retirement Services (PARS). CalPERS' California Employers' Pension Prefunding Trust (CEPPT) is a self-funded, not-for-profit trust in which participating employers pay for all expenses via a participation fee. The CEPPT participation fee is currently 25 basis points of assets under management or \$2,500 for each \$1M in managed assets. While PARS' Pension Rate Stabilization Program (PRSP) offers a greater number of investment options, the ongoing fees are significantly higher than CalPERS - more than double CEPPT's fees.

Given Upper District's positive experience with its existing trust fund for OPEB currently managed by CalPERS, staff recommends participation in CalPERS' CEPPT trust fund for pension with an initial deposit amounting to \$500,000.

Current projections for the year indicate there will be positive net operating revenue sufficient to cover the proposed additional discretionary UAL payment of \$1 million and an initial contribution to the CEPPT fund of \$500,000 for pension.

//Attachments

CALIFORNIA EMPLOYERS' PENSION PREFUNDING TRUST PROGRAM

**AGREEMENT AND ELECTION
OF**

UPPER SAN GABRIEL VALLEY MWD

(NAME OF EMPLOYER)

**to Prefund Employer Contributions to a Defined Benefit
Pension Plan**

WHEREAS (1) Government Code (GC) Section 21711(a) establishes in the State Treasury the California Employers' Pension Prefunding Trust Fund (CEPPT), a special trust fund for the purpose of allowing eligible employers to prefund their required pension contributions to a defined benefit pension plan (each an Employer Pension Plan) by receiving and holding in the CEPPT amounts that are intended to be contributed to an Employer Pension Plan at a later date; and

WHEREAS (2) GC Section 21711(b) provides that the California Public Employees' Retirement System (CalPERS) Board of Administration (Board) has sole and exclusive control of the administration and investment of the CEPPT, the purposes of which include, but are not limited to (i) receiving contributions from participating employers; (ii) investing contributed amounts and income thereon, if any, in order to receive yield on the funds; and (iii) disbursing contributed amounts and income thereon, if any, to pay for costs of administration of the CEPPT and to deposit employer contributions into Employer Pension Plans in accordance with their terms; and

WHEREAS (3) UPPER SAN GABRIEL VALLEY MWD
(NAME OF EMPLOYER)

(Employer) desires to participate in the CEPPT upon the terms and conditions set by the Board and as set forth herein; and

WHEREAS (4) Employer may participate in the CEPPT upon (i) approval by the Board and (ii) filing a duly adopted and executed Agreement and Election to Prefund Employer Contributions to a Defined Benefit Pension Plan (Agreement) as provided in the terms and conditions of the Agreement; and

WHEREAS (5) The CEPPT is a trust fund that is intended to perform an essential governmental function (that is, the investment of funds by a State, political subdivision or 115 entity) within the meaning of Internal Revenue Code (Code) Section 115 and Internal Revenue Service Revenue Ruling 77-261, and as an Investment Trust Fund, as defined in Governmental Accounting Standards Board (GASB) Statement No. 84, Paragraph 16, for accounting and financial reporting of fiduciary activities from the

external portion of investment pools and individual investment accounts that are held in a trust that meets the criteria in Paragraph 11c(1).

WHEREAS (6) The CEPPT is not a Code Section 401(a) qualified trust and the assets held in the CEPPT are not assets of any Employer Pension Plan or any plan qualified under Code Section 401(a).

NOW, THEREFORE, BE IT RESOLVED THAT EMPLOYER HEREBY MAKES THE FOLLOWING REPRESENTATION AND WARRANTY AND THAT THE BOARD AND EMPLOYER AGREE TO THE FOLLOWING TERMS AND CONDITIONS:

A. Employer Representation and Warranty

Employer hereby represents and warrants that it is the State of California or a political subdivision thereof, or an entity whose income is excluded from gross income under Code Section 115(1).

B. Adoption and Approval of the Agreement; Effective Date; Amendment

(1) Employer's governing body shall elect to participate in the CEPPT by adopting this Agreement and filing with the Board a true and correct original or certified copy of this Agreement as follows:

Filing by mail, send to: CalPERS
CEPPT
P.O. Box 1494
Sacramento, CA 95812-1494

Filing in person, deliver to: CalPERS Mailroom
CEPPT
400 Q Street
Sacramento, CA 95811

(2) Upon receipt of the executed Agreement, and after approval by the Board, the Board shall fix an effective date and shall promptly notify Employer of the effective date of the Agreement. Employer shall provide the Board such other documents as the Board may request, including, but not limited to a certified copy of the resolution(s) of the governing body of Employer authorizing the adoption of the Agreement and documentation naming Employer's successor entity in the event that Employer ceases to exist prior to termination of this Agreement.

(3) The terms of this Agreement may be amended only in writing upon the agreement of both the Board and Employer, except as otherwise provided herein. Any such amendment or modification to this Agreement shall be adopted and executed in the same manner as required for the Agreement. Upon receipt of the executed amendment or modification, the Board shall fix the effective date of the amendment or modification.

(4) The Board shall institute such procedures and processes as it deems necessary to administer the CEPPT, to carry out the purposes of this Agreement, and to maintain the tax-exempt status of the CEPPT. Employer agrees to follow such procedures and processes.

C. Employer Reports Provided for the Board's Use in Trust Administration and Financial Reporting and Employer Contributions

(1) Employer shall provide to the Board a defined benefit pension plan cost report on the basis of the actuarial assumptions and methods prescribed by Actuarial Standards of Practice (ASOP) or prescribed by GASB. Such report shall be for the Board's use in trust administration and financial reporting and shall be prepared at least as often as the minimum frequency required by applicable GASB Standards. This defined benefit pension plan cost report may be prepared as an actuarial valuation report or as a GASB compliant financial report. Such report shall be:

- 1) prepared and signed by a Fellow or Associate of the Society of Actuaries who is also a Member of the American Academy of Actuaries or a person with equivalent qualifications acceptable to the Board;
- 2) prepared in accordance with ASOP or with GASB; and
- 3) provided to the Board prior to the Board's acceptance of contributions for the reporting period or as otherwise required by the Board.

(2) In the event that the Board determines, in its sole discretion, that Employer's cost report is not suitable for the Board's purposes and use or if Employer fails to provide a required report, the Board may obtain, at Employer's expense, a report that meets the Board's trust administration and financial reporting needs. At the Board's option, the Board may recover the costs of obtaining the report either by billing and collecting such amount from Employer or through a deduction from Employer's Prefunding Account (as defined in Paragraph D(2) below).

(3) Employer shall notify the Board in writing of the amount and timing of contributions to the CEPPT, which contributions shall be made in the manner established by the Board and in accordance with the terms of this Agreement and any procedures adopted by the Board.

(4) The Board may limit Employer's contributions to the CEPPT to the amount necessary to fully fund the actuarial present value of total projected benefit payments not otherwise prefunded through the applicable Employer Pension Plan (Unfunded PVFB), as set forth in Employer's cost report for the applicable period. If Employer's contribution would cause the assets in Employer's Prefunding Account to exceed the Unfunded PVFB, the Board may refuse to accept the contribution. If Employer's cost report for the applicable period does not set forth the Unfunded PVFB, the Board may

refuse to accept a contribution from Employer if the contribution would cause the assets in Employer's Prefunding Account to exceed Employer's total pension liability, as set forth in Employer's cost report.

(5) No contributions are required. Contributions can be made at any time following the effective date of this Agreement if Employer has first complied with the requirements of this Agreement, including Paragraph C.

(6) Employer acknowledges and agrees that assets held in the CEPPT are not assets of any Employer Pension Plan or any plan qualified under Code Section 401(a), and will not become assets of such a plan unless and until such time as they are distributed from the CEPPT and deposited into an Employer Pension Plan.

D. Administration of Accounts; Investments; Allocation of Income

(1) The Board has established the CEPPT as a trust fund consisting of an aggregation of separate single-employer accounts, with pooled administrative and investment functions.

(2) All Employer contributions and assets attributable to Employer contributions shall be separately accounted for in the CEPPT (Employer's Prefunding Account). Assets in Employer's Prefunding Account will be held for the exclusive purpose of funding Employer's contributions to its Employer Pension Plan(s) and defraying the administrative expenses of the CEPPT.

(3) The assets in Employer's Prefunding Account may be aggregated with the assets of other participating employers and may be co-invested by the Board in any asset classes appropriate for a Code Section 115 trust, subject to any additional requirements set forth in applicable law, including, but not limited to, subdivision (d) of GC Section 21711. Employer shall select between available investment strategies in accordance with applicable Board procedures.

(4) The Board may deduct the costs of administration of the CEPPT from the investment income of the CEPPT or from Employer's Prefunding Account in a manner determined by the Board.

(5) Investment income earned shall be allocated among participating employers and posted to Employer's Prefunding Account daily Monday through Friday, except on holidays, when the allocation will be posted the following business day.

(6) If, at the Board's sole discretion and in compliance with accounting and legal requirements applicable to an Investment Trust Fund and to a Code Section 115 compliant trust, the Board determines to its satisfaction that all obligations to pay defined benefit pension plan benefits in accordance with the applicable Employer Pension Plan terms have been satisfied by payment or by defeasance with no remaining risk regarding the amounts to be paid or the value of assets held in the

CEPPT, then the residual Employer assets held in Employer's Prefunding Account may be returned to Employer.

E. Reports and Statements

(1) Employer shall submit with each contribution a contribution report in the form and containing the information prescribed by the Board.

(2) The Board, at its discretion but at least annually, shall prepare and provide a statement of Employer's Prefunding Account reflecting the balance in Employer's Prefunding Account, contributions made during the period covered by the statement, investment income allocated during such period, and such other information as the Board may determine.

F. Disbursements

(1) Employer may receive disbursements from the CEPPT not to exceed, on an annual basis, the amount of the total annual Employer contributions to Employer's Pension Plan for such year.

(2) Employer shall notify the Board in writing in the manner specified by the Board of the persons authorized to request disbursements from the CEPPT on behalf of Employer.

(3) Employer's request for disbursement shall be in writing signed by Employer's authorized representative, in accordance with procedures established by the Board, and the Board may rely conclusively upon such writing. The Board may, but is not required to, require that Employer certify or otherwise demonstrate that amounts disbursed from Employer's Prefunding Account will be used solely for the purposes of the CEPPT. However, in no event shall the Board have any responsibility regarding the application of distributions from Employer's Prefunding Account.

(4) No disbursement shall be made from the CEPPT which exceeds the balance in Employer's Prefunding Account.

(5) Requests for disbursements that satisfy the above requirements will be processed on at least a monthly basis.

(6) The Board shall not be liable for amounts disbursed in error if it has acted upon the written instruction of an individual authorized by Employer to request disbursements, and is under no duty to make any investigation or inquiry about the correctness of such instruction. In the event of any other erroneous disbursement, the extent of the Board's liability shall be the actual dollar amount of the disbursement, plus interest at the actual earnings rate but not less than zero.

G. Costs of Administration

Employer shall pay its share of the costs of administration of the CEPPT, as determined by the Board and in accordance with Paragraph D.

H. Termination of Employer's Participation in the CEPPT

(1) The Board may terminate Employer's participation in the CEPPT if:

- (a) Employer's governing body gives written notice to the Board of its election to terminate; or
- (b) The Board determines, in its sole discretion, that Employer has failed to satisfy the terms and conditions of applicable law, this Agreement or the Board's rules, regulations or procedures.

(2) If Employer's participation in the CEPPT terminates for either of the foregoing reasons, all assets in Employer's Prefunding Account shall remain in the CEPPT, except as otherwise provided below, and shall continue to be invested and accrue income as provided in Paragraph D, and Employer shall remain subject to the terms of this Agreement with respect to such assets.

(3) After Employer's participation in the CEPPT terminates, Employer may not make further contributions to the CEPPT.

(4) After Employer's participation in the CEPPT terminates, disbursements from Employer's Prefunding Account may continue upon Employer's instruction or otherwise in accordance with the terms of this Agreement.

(5) After Employer's participation in the CEPPT terminates, the governing body of Employer may request either:

- (a) A trustee to trustee transfer of the assets in Employer's Prefunding Account to a trust dedicated to prefunding Employer's required pension contributions; provided that the Board shall have no obligation to make such transfer unless the Board determines that the transfer will satisfy applicable requirements of the Code, other law and accounting standards, and the Board's fiduciary duties. If the Board determines that the transfer will satisfy these requirements, the Board shall then have one hundred fifty (150) days from the date of such determination to effect the transfer. The amount to be transferred shall be the amount in Employer's Prefunding Account as of the date of the transfer (the "transfer date") and shall include investment earnings up to an investment earnings allocation date preceding the transfer date. In no event shall the investment earnings allocation date precede the transfer date by more than 150 days.

- (b) A disbursement of the assets in Employer's Prefunding Account; provided that the Board shall have no obligation to make such disbursement unless the Board determines that, in compliance with the Code, other law and accounting standards, and the Board's fiduciary duties, all of Employer's obligations for payment of defined benefit pension plan benefits and reasonable administrative costs of the Board have been satisfied. If the Board determines that the disbursement will satisfy these requirements, the Board shall then have one hundred fifty (150) days from the date of such determination to effect the disbursement. The amount to be disbursed shall be the amount in Employer's Prefunding Account as of the date of the disbursement (the "disbursement date") and shall include investment earnings up to an investment earnings allocation date preceding the disbursement date. In no event shall the investment earnings allocation date precede the disbursement date by more than 150 days.

(6) After Employer's participation in the CEPPT terminates and at such time that no assets remain in Employer's Prefunding Account, this Agreement shall terminate. To the extent that assets remain in Employer's Prefunding Account, this Agreement shall remain in full force and effect.

(7) If, for any reason, the Board terminates the CEPPT, the assets in Employer's Prefunding Account shall be paid to Employer to the extent permitted by law and Code Section 115 after retention of (i) an amount sufficient to pay the Unfunded PVFB as set forth in a current defined benefit pension plan(s) cost report prepared in compliance with ASOP and the requirements of Paragraph C(1), and (ii) amounts sufficient to pay reasonable administrative costs of the Board. Amounts retained by the Board to pay the Unfunded PVFB shall be transferred to (i) another Code Section 115 trust dedicated to prefunding Employer's required pension contributions, subject to the Board's determination that such transfer will satisfy applicable requirements of the Code, other law and accounting standards, and the Board's fiduciary duties or (ii) Employer's Pension Plan, subject to acceptance by Employer's Pension Plan.

(8) If Employer ceases to exist but Employer's Prefunding Account continues to exist, and if no provision has been made to the Board's satisfaction by Employer with respect to Employer's Prefunding Account, the Board shall be permitted to identify and appoint a successor to Employer under this Agreement, provided that the Board first determines, in its sole discretion, that there is a reasonable basis upon which to identify and appoint such a successor and provided further that such successor agrees in writing to be bound by the terms of this Agreement. If the Board is unable to identify or appoint a successor as provided in the preceding sentence, then the Board is authorized to appoint a third-party administrator or other successor to act on behalf of Employer under this Agreement and to otherwise carry out the intent of this Agreement with respect to Employer's Prefunding Account. Any and all costs associated with such appointment shall be paid from the assets attributable to Employer's Prefunding Account. At the Board's option, and subject to acceptance by Employer's Pension Plan,

the Board may instead transfer the assets in Employer's Prefunding Account to Employer's Pension Plan and terminate this Agreement.

(9) If the Board determines, in its sole discretion, that Employer has breached the representation and warranty set forth in Paragraph A., the Board shall take whatever action it deems necessary to preserve the tax-exempt status of the CEPPT.

I. Indemnification

Employer shall indemnify, defend, and hold harmless CalPERS, the Board, the CEPPT, and all of the officers, trustees, agents and employees of the foregoing from and against any loss, liability, claims, causes of action, suits, or expense (including reasonable attorneys' fees and defense costs, lien fees, judgments, fines, penalties, expert witness fees, appeals, and claims for damages of any nature whatsoever) not charged to the CEPPT and imposed as a result of, arising out of, related to or in connection with (1) the performance of the Board's duties or responsibilities under this Agreement, except to the extent that such loss, liability, suit or expense results or arises from the Board's own gross negligence, willful misconduct or material breach of this Agreement, or (2) without limiting the scope of Paragraph F(6) of this Agreement, any acts taken or transactions effected in accordance with written directions from Employer or any of its authorized representatives or any failure of the Board to act in the absence of such written directions to the extent the Board is authorized to act only at the direction of Employer.

J. General Provisions

(1) Books and Records

Employer shall keep accurate books and records connected with the performance of this Agreement. Such books and records shall be kept in a secure location at Employer's office(s) and shall be available for inspection and copying by the Board and its representatives.

(2) Notice

(a) Any notice or other written communication pursuant to this Agreement will be deemed effective immediately upon personal delivery, or if mailed, three (3) days after the date of mailing, or if delivered by express mail or e-mail, immediately upon the date of confirmed delivery, to the following:

For the Board:

Filing by mail, send to:
CalPERS
CEPPT
P.O. Box 1494
Sacramento, CA 95812-1494

Filing in person, deliver to:
CalPERS Mailroom
CEPPT
400 Q Street
Sacramento, CA 95811

For Employer:

UPPER SAN GABRIEL VALLEY MWD
602 E. HUNTINGTON DR. STE B
MONROVIA, CA 91016

(b) Either party to this Agreement may, from time to time by notice in writing served upon the other, designate a different mailing address to which, or a different person to whom, all such notices thereafter are to be addressed.

(3) Survival

All representations, warranties, and covenants contained in this Agreement, or in any instrument, certificate, exhibit, or other writing intended by the parties to be a part of this Agreement shall survive the termination of this Agreement.

(4) Waiver

No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and signed by the party waiving the breach, failure, right, or remedy. No waiver of any breach, failure, right, or remedy shall be deemed a waiver of any other breach, failure, right, or remedy, whether or not similar, nor shall any waiver constitute a continuing waiver unless the writing so specifies.

(5) Necessary Acts; Further Assurances

The parties shall at their own cost and expense execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to evidence or carry out the intent and purposes of this Agreement.

(6) Incorporation of Amendments to Applicable Laws and Accounting Standards

Any references to sections of federal or state statutes or regulations or accounting standards shall be deemed to include a reference to any amendments thereof and any successor provisions thereto.

(7) Days

Wherever in this Agreement a set number of days is stated or allowed for a particular event to occur, the days are understood to include all calendar days, including weekends and holidays, unless otherwise stated.

(8) No Third Party Beneficiaries

Except as expressly provided herein, this Agreement is for the sole benefit of the parties hereto and their permitted successors and assignees, and nothing herein, expressed or implied, will give or be construed to give any other person any legal or equitable rights hereunder. Notwithstanding the foregoing, CalPERS, the CEPPT, and all of the officers, trustees, agents and employees of CalPERS, the CEPPT and the Board shall be considered third party beneficiaries of this Agreement with respect to Paragraph 1 above.

(9) Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

A majority vote of Employer's Governing Body at a public meeting held on the _____ day of the month of _____ in the year _____, authorized entering into this Agreement.

Signature of the Presiding Officer: _____

Printed Name of the Presiding Officer: EDWARD L. CHAVEZ

Name of Governing Body: BOARD OF DIRECTORS

Name of Employer: UPPER SAN GABRIEL VALLEY MWD

Date: _____

BOARD OF ADMINISTRATION
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BY _____
MELODY BENAVIDES
DIVISION CHIEF, PENSION CONTRACTS AND PREFUNDING PROGRAMS
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

To be completed by CalPERS
The effective date of this Agreement is: _____



MEMORANDUM



ITEM 4.

DATE: June 3, 2022
TO: Administration and Finance Committee and Board of Directors
FROM: General Manager
SUBJECT: Executive Management Employment Policy

Recommendation

The attached draft Executive Management Personnel Manual is provided as information item only for the Board's review. The Manual will be presented for approval in August 2022.

Background

The 2019 Strategic Plan includes objectives related to employment practices and policies under Goal 2: Financial Integrity and Goal 3: Workforce and Governance. In September 2021, the Board of Directors approved updates to the Employee Handbook consistent with the Strategic Plan objectives and directed staff to develop a separate employment policy for executive employees.

Under the General Manager's direction, the Director of Finance and Administration and District Counsel developed the attached draft Executive Management Personnel Manual. All the standard employment provisions in the Employee Handbook are included in the Executive Manual. The substantive changes in the Executive Manual are:

1. Titles were changed from Director to Executive Manager.
2. The General Manager, at his discretion, may designate one or more Executive Managers as Assistant General Manager.
3. Six months of severance pay if terminated without cause.
4. Communications allowance - \$125, Auto allowance - \$300.
5. Six days administrative leave.
6. Allows board approved cost-of-living adjustments independent of employee approved COLAs.

Attachment

**Upper San Gabriel Valley
Municipal Water District
Personnel Manual
Executive Management Employees**

(Approved on _____)

Upper San Gabriel Valley Municipal Water District

Personnel Manual

Executive Management Employees

(Approved on _____)

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Chapter I: INTRODUCTION

This Personnel Manual (Manual) has been prepared to summarize the policies, rules, pay, and benefits which apply to the Executive Management Group (employees) of Upper District. Provisions of the Manual do not apply to temporary or contract personnel unless specifically noted in this manual, Upper District Policy, or the employee's contract. This Manual does not create any contract of employment, expressed or implied, or any rights in the nature of a contract.

Any changes to this Manual must be approved by the Board of Directors.

The Executive Management Group includes the following classifications, as well as those which may be added from time to time:

- General Manager – Reference contract
- Executive Manager – Finance and Administration
- Executive Manager – Government and Community Affairs

The General Manager may, at his/her discretion, one or both Executive Managers as Assistant General Manager who will act on behalf of the General Manager in his/her absence. This Manual cannot anticipate every situation or answer every question about employment, nor can it provide information that answers every possible question. Additionally, circumstances will undoubtedly require that the guidelines, practices, and benefits described in this Manual to change. Accordingly, Upper District must reserve the right to modify, supplement, or rescind any provision of this Manual from time to time, as it deems necessary, including, but not limited to, medical, dental and vision benefits to the extent permitted by law.

1. The Organization

Upper San Gabriel Valley Municipal Water District (Upper District) is a California Special District. Upper District was formed by voters in the San Gabriel Valley at an election held on December 8, 1959 to help solve water problems in the rapidly developing San Gabriel Valley. Upper District was then incorporated on January 7, 1960. On March 12, 1963, residents of Upper District voted to annex to the Metropolitan Water District of Southern California, through whose facilities supplemental water, first from the Colorado River, and now from the State Water Project, is brought into the Valley. The principal purpose and function of Upper District is to provide a reliable and cost-effective supply of high quality water for municipal, industrial and aquifer recharge applications within the San Gabriel Valley. Upper District covers 144 square miles in the main San Gabriel Valley and serves more than 1.3 million people.

The five-member Board of Directors is the policy-making body of Upper District. The General Manager of Upper District serves as the Chief Executive Officer of the organization.

Unless notified otherwise, meetings of the Board are held twice a month of each calendar month at the Upper District office, as designated by the Board. Committee meetings shall be designated by the respective committee's chair. Meeting notices will be posted and held as provided by law.

The present standing committees are as follows:

1. Administration and Finance Committee
2. Water Resources and Facility Management Committee
3. Government Affairs and Community Outreach Committee

The General Manager has the authority to manage the day-to-day affairs of the Upper District including, but not limited to: designation of job titles and determination of duties of all Upper District employees, hiring and termination of employees, enforcement of disciplinary action against employees, authorization for travel outside the Upper District boundaries, and creation of office policy.

2. Changes in Policy

Upper District reserves the right to change any of these personnel policies at any time to the extent permitted by law, including, but not limited to, medical, dental and vision benefits. Employees will be notified of any such changes by posting them on the bulletin board or by other appropriate means. Changes will be effective on dates determined by Upper District, and employees may not rely on policies that have been superseded.

Any employee who is uncertain or has questions about any policy or procedure should check with their supervisor or Upper District's General Manager.

3. Employment Relationship

Employment with Upper District is entered into voluntarily, and employees are free to resign at any time, for any reason, with or without notice. Employment of all Upper District employees is "at will". Accordingly, Upper District employees shall have no property interest whatsoever in their continued employment with Upper District and shall have no due process rights before the termination of such employment. Such employment shall have no definite or specified term and may be terminated at any time at the will of either the employee or Upper District. Upper District employees serve at the pleasure of Upper District and Upper District is free to terminate the employment relationship at any time, with or without cause, and without any evidentiary hearing or any other pre-termination process.

Although there is no obligation to provide notice of termination, Upper District requests that resigning employees provide at least two weeks' notice of their resignation.

Upper District's General Manager is responsible for all employment decisions, including but not limited to hiring, discipline and termination of Upper District employees.

This employee manual supersedes all previous employee manuals and Upper District memos which may have been issued on subjects covered herein.

Chapter II: EMPLOYMENT POLICIES

1. Equal Opportunity

Upper District maintains a policy of nondiscrimination with employees and applicants for employment. No aspect of employment with Upper District will be influenced in any manner by race, color, religion, sex, pregnancy, childbirth, breast feeding or related medical conditions, marital status, sexual orientation, gender identity or expression, age (40 and above), national origin, ancestry, mental or physical disability, medical condition, veteran status or past military service, genetic information, and/or political affiliation, citizenship, or any other characteristic protected by state and/or federal laws.

Workers' compensation or injury claims shall not be denied based on an employee's sex, race, color, religion, ancestry, national origin, marital status, or sexual orientation.

2. Hiring

Upper District's General Manager has the sole responsibility for hiring personnel required to conduct the business of Upper District.

3. Rehired Employees

Employees who are rehired following a break in service in excess of one (1) year, other than an approved leave of absence, must serve another initial evaluation process, as detailed in Section 5(f) below, whether or not such a period was previously completed. Such employees are considered new employees from the effective date of their reemployment for all purposes, including eligibility for benefits.

4. Termination

a. Voluntary Termination

Employees desiring to terminate employment should give Upper District two (2) weeks notice in writing.

b. Discharge

As described in Chapter I, Section 3, all employees are "at will" and serve at the pleasure of Upper District. Employees may be terminated by the General Manager with or without cause, and without any evidentiary hearing or any other pre-termination process. Employees shall be notified of discharge in writing.

5. Definitions of Employment Status

The following terms will be used to describe the classification of employees and their employment status:

a. Exempt

Employees whose positions are exempt from overtime pay requirements. All employees in the Executive Management Group are designated as exempt employees.

b. Non - Exempt

Employees whose positions are eligible to receive overtime pay.

c. Full - Time

Employees regularly scheduled to work at least 35 hours per week.

d. Part - Time

Employees regularly scheduled to work between 20 and 35 hours per week may be eligible for certain benefits. Such employees are not eligible or entitled to benefits, unless otherwise expressly provided in this Manual.

e. Temporary

Employees who are hired for a pre-established period, usually during peak workloads or for vacation relief. They may work a full-time or part-time schedule.

f. Initial Evaluation Period

The initial evaluation period is part of Upper District's selection process and is primarily for the purpose of determining an employee's ability to satisfactorily perform the duties described for the position and for assessing the employee's ability to work with other employees. The initial evaluation period is six (6) months, which period shall apply to both new hires and promoted employees, and which period may be extended for any employee(s) at the sole discretion of the General Manager. At the end of this period, the employee's performance will be evaluated by the General Manager. If the review is favorable, as determined by the General Manager, the initial evaluation period will cease. If the review is unfavorable, the employee will be terminated or the initial evaluation period may be extended, as recommended by the General Manager.

New hire employees are afforded medical coverage when they become eligible under the medical plans.

Consistent with the "at will" status of all Upper District employees, as described in Chapter I, Section 3, during the initial evaluation period, an employee may be rejected/terminated, or, in the case of the promoted employee, returned to his or her previous or other open position with or without cause and without appeal.

6. Immigration Law Compliance

Upper District is committed to employing only those individuals who are authorized to work in the United States and does not unlawfully discriminate on the basis of citizenship or national origin.

In compliance with the Immigration Reform and Control Act of 1986, each new employee, as a condition of employment, must complete the Employment Eligibility Verification Form I-9 and present documentation establishing identity and employment eligibility. Former employees who are rehired must also complete the form if they have not completed an I-9 with Upper District within the past three (3) years, or if their previous I-9 is no longer retained or valid. Employees may raise questions or complaints about immigration law compliance without fear of reprisal.

7. Employment of Relatives

The employment of relatives in the same area of an organization may cause serious conflicts and problems with favoritism and employee morale. In addition to claims of partiality in treatment at work, personal conflicts from outside the work environment can be carried into day-to-day working relationships. In the interests of avoiding the negative impact on supervision, safety, security, morale, or efficiency of supervision or function of other employees, or actual, potential, or perceived conflicts of interest, Upper District shall limit the employment of relatives as follows:

No relatives of an employee shall be considered for employment within Upper District in any position, whether full or part-time or otherwise, in which the relative's employment has the potential for negatively impacting the safety, security, morale, or efficiency of supervision or function of other employees, or in which there may be an actual, potential, or perceived conflict of interest.

No employee shall directly or indirectly participate in the recruitment or selection for any vacant position for which any applicant is a relative. Any decision to hire a relative must be reviewed by the Board to ensure compliance with this Policy and applicable non-discrimination laws.

No employee shall directly or indirectly supervise a relative. "Direct Supervision" applies when a person supervises, assigns and evaluates an employee's work. Direct supervision includes, but is not limited to, situations where one employee can schedule the work, provide technical supervision, provide input during a subordinate employee's performance evaluation, or otherwise directly controls the subordinate employee's terms or conditions of employment. "Indirect Supervision" applies when a relative is hired, promoted, or transferred into the chain of command of another relative, and one of the related employees has management or supervisory responsibilities in the division or department in which both employees would work, even if the management or supervisory employee would not directly supervise or interact with the other. This includes, for example, situations where one person assigns and evaluates the work of his or her relative's supervisor.

Upper District may refuse to allow an employee to be in a position where he or she is engaged or involved in the following, non-exhaustive list of work activities, vis-a-vis a relative: evaluate performance, add comments to the evaluation, make disciplinary or hiring recommendations, or sit on any conduct review boards or committees where a hiring, disciplinary, transfer, or other employment decision is made or to which it is appealed. Upper District may also refuse to allow an employee to assign or authorize overtime, bonuses, special assignments or make other employment decisions which financially benefit that employee's relative.

If the relative relationship is established after employment, the General Manager will confer with the individuals concerned before the General Manager decides who is to be transferred. Absent exigent circumstances, the decision to transfer shall be made within thirty (30) calendar days. This requirement will not prohibit either employee from voluntarily following normal procedures for transfer to or participation in an active recruitment for another position. The reassignment/transfer/separation of employees shall remain in effect as long as the relationship is maintained.

In other cases where a conflict or the potential for conflict arises, even if there is no supervisory relationship involved, the parties may be separated by reassignment or terminated from employment, for purposes of avoiding the negative impact on supervision, safety, security, morale, or efficiency of supervision or function of other employees, or actual, potential, or perceived conflicts of interest.

For the purposes of this policy, relatives are defined to include spouses, registered domestic partners, fiancé(e)'s, parents, guardians or wards, parent of a domestic partner, grandparents, grandparent of a domestic partner, children, grandchildren, spouses of children, spouses of step-children, nieces or nephews, brothers, sisters, brothers- and sisters-in-law, fathers and mothers-in-law, stepparents, stepbrothers, stepsisters, stepchildren, or anyone

with a half or in-law relation. This policy also applies to individuals who are not legally related but who reside with another employee.

Any failure to comply with this policy may be grounds for disciplinary action or disqualification from employment or promotion with Upper District.

8. Personnel Records

Regular performance reviews, change of status records, commendations, corrective action warnings, and training/educational attainment records are examples of records maintained in an employee's personnel file.

An employee may review his or her own personnel file at Upper District upon his or her providing Upper District with reasonable notice. Requests for inspection should be made to Upper District's Executive Manager - Finance and Administration. Employees and their authorized representatives may request inspection and a copy of their personnel file annually. Upper District complies with requests within at least 30 days, or 35 days by agreement with the employee. Upper District will produce personnel file documents in accordance with the California Labor Code, including section 1198.5. The records will be made available on site or at a mutually agreeable location for employees.

Each employee is responsible for notifying Upper District's Executive Manager - Finance and Administration of changes in address, telephone number, and /or family status (births, marriage, death, divorce, legal separation, etc.), as income tax status and group insurance may be affected by these changes. This responsibility includes employees on lay-off status and leaves of absence.

9. Updating Employee Information

Having employees' current address and phone number on file are essential for many purposes. Employees must notify Upper District in writing of any changes to their contact information as soon as possible. It is the employees' responsibility to notify the Executive Manager - Finance and Administration of changes in their personal status including, but not limited to:

- Name and/or marital status
- Address and/or telephone number
- Number of eligible family members
- Tax payroll deductions
- Emergency contact information
- Changes to deferred compensation

10. Hours of Work: Time Records

The normal workweek consists of forty (40) hours, worked Monday through Friday. Should Upper District decide to change an employee's work schedule for business reasons, notice will be provided as soon as practicable.

Any employee needing to leave work early for any reason must obtain prior approval from their Supervisor.

11. Job Descriptions

Upper District uses job descriptions to aid in staffing, wage and salary administration, and training. These descriptions also assist employees and Upper District management to communicate about job responsibilities.

12. Performance Appraisals

Employees will receive a performance appraisal from their supervisor, which shall be reviewed and approved by the General Manager, during their first 6 months of employment with Upper District. Thereafter, employees will receive performance appraisals once a year (based on prior fiscal year's performance).

The performance appraisal reviews the employee's strengths and, if applicable, points out ways to improve the employee's performance.

13. Outside Employment

An employee may hold a job with another organization as long as he or she continues to satisfactorily perform his or her job responsibilities with Upper District; however, employees are required to immediately notify his or her supervisor or the General Manager in the event that such employee attains any outside employment. Employees should consider the impact that outside employment may have on their health, physical endurance, and ability to perform their job responsibilities at Upper District. All employees will continue to be evaluated by the same performance standards, as applicable, and will be subject to Upper District's scheduling demands, including overtime requirements, regardless of any existing outside work requirements.

If an employee's outside employment presents a conflict of interest with or negatively impacts the operations of Upper District, the employee will be asked to terminate the outside employment as a condition of continued employment with Upper District.

If Upper District determines that an employee's outside employment interferes with an employee's performance or ability to meet the requirements of Upper District, as may be modified from time to time, the

employee may be asked to terminate the outside employment as a condition of continued employment with Upper District.

14. Employment Reference Checks

All inquiries regarding a current or former Upper District employee must be referred to the Executive Manager - Finance and Administration or the General Manager. Upper District will respond to reference requests through the Executive Manager - Finance and Administration or the General Manager. Upper District will provide general information concerning the employee such as date of hire, date of discharge, and positions held.

15. Driver License Requirements

Upper District has established and maintains a Driving Record Review Program. As part of this program, it has enrolled in the Department of Motor Vehicles (DMV) Employer Pull Notice Program. This is a free service for public agencies that provides driver record reports on employees. Employees include temporary, seasonal, and part-time employees and volunteers.

a. Procedures

Upper District obtains from the DMV a copy of the driving record of all of its employees that are authorized to operate vehicles for District business.

1. As a public agency, Upper District is entitled to receive copies of the driving records from the DMV without charge.
2. A copy of the employee's driving record shall be obtained as soon as possible after the employee is hired and annually thereafter.
3. Upper District shall order and interpret all driving records, as needed.
4. To ensure uniformity in the application of this program, the driving record review criteria was developed, as detailed below in subsection (b).
5. Upper District may be notified that an employee who is authorized to operate vehicles for District business may be jeopardizing Upper District's integrity and exposing it to liability through poor driving techniques and habits. Any and all related complaints of this nature will be investigated immediately, and corrective action shall be taken to correct the problem, at the discretion of the General Manager.

b. Driving Record Review Criteria

The following criteria reflect good risk management procedures followed by Upper District in order to control its auto liability and physical damage exposures. An Upper District Supervisor will review employees' Driver Record Reports to determine which of the following categories the employee will fall into. (i) Class I— Immediate Attendance in Defensive Driving Program: two points within thirty-five months, any moving violation in an Upper District vehicle, any accident, or two failure to appear notices within 36 months; (ii) Class II – 12 month Driving Probation. Any additional point violations within this probation period will trigger a Class III recommendation: three to five points within thirty-six months, any accident in which the driver was charged with a public offense within thirty-six months, except for DUI, reckless driving, or speed contest violations, any chargeable accident while on Upper District business, a violation for an expired license, four failure to appear notices within thirty-six months; (iii) Class III – 120 Day Suspension notices within thirty-six months. Four or more points within twenty-four months, six or more points within thirty-six months, DUI, reckless driving, or speed contest, not during Upper District business, five failure to appear notices within thirty-six months, two chargeable accidents within twenty-four months, any citation incurred while license is suspended.

c. License Requirements

1. Employees permitted to drive Upper District vehicles shall be advised by Upper District of the class and/or type of California driver's license(s) they must maintain as a condition of employment before an employee is assigned a job.
2. Any employee who fails to obtain and/or maintain an appropriate California driver's license(s) as required by Upper District shall be subject to demotion or dismissal in accordance with these provisions at the discretion of the General Manager.

d. Reporting Requirements

Employees permitted to drive Upper District vehicles must report the following to Upper District within 24 hours of their occurrence:

1. Loss or suspension of driver's license;
2. Written reports regarding all accidents concerning Upper District vehicles in which the employee is involved regardless of the employee's fault or the severity. Failure to comply with

the reporting requirements of this section may result in discipline up to and including dismissal.

16. Insurability Requirements

a. Insurability

1. Employees permitted to drive Upper District vehicles, as a condition of employment, shall remain insurable under the terms of all Upper District vehicle and liability insurance policies. Any employee excluded from coverage under the liability program will not drive for Upper District business or drive Upper District vehicles until reinstated.
2. Any employee who is not insurable shall not be permitted to drive any Upper District vehicles.
3. Employees permitted to drive their own personal vehicles on Upper District business shall remain insurable under their own vehicle and liability insurance policy. A copy of the summary sheet of the policy shall be provided to Upper District upon each renewal and retained in the employee's personnel file. Any vehicle and liability insurance policy must be approved by Upper District prior to use of the vehicle for Upper District business.

Chapter III: WAGE AND SALARY POLICIES

1. General Wage and Salary Policy

Upper District strives to pay salaries that are competitive with those in our community and industry, recognizing individual effort and contribution to the success of the organization. The wage and salary plan classifies each position based on multiple factors, including the following:

- a. Knowledge and ability requirements
- b. Variety and scope of responsibilities
- c. Physical and mental demands

Established wage or salary ranges are reviewed annually, as part of budget preparations for Upper District.

2. Wage or Salary Increase Policy

Wage and salary increases, if any, may be within the approved salary range and are based upon individual performance. Evaluations will be conducted as described in Chapter II, Section 12. There is no guarantee of a wage or salary increase at the time of a performance evaluation, or at any other time. The decision of whether to increase wages or salary is at the sole discretion of Upper District's General Manager.

Each fiscal year, the Board of Directors considers adjusting District wages and salaries to account for inflation using the Consumer Price Index (CPI) for the Los Angeles County area. With the exception of the General Manager, salary ranges of executive management employees, shall be increased by the cost of living adjustment approved by the board. Salary increases, if any, will be based on performance and at the discretion of the General Manager.

3. Acting Pay

Any employee performing the duties of an executive management classification for more than two (2) complete and consecutive pay periods may be designated as "Acting". An employee who is designated as "acting" shall receive an increase of five percent of his/her normal rate of pay or shall be placed at the minimum range established for the acting position, whichever is higher; however, the employee's salary shall not exceed the maximum range established for the acting position at any time. An employee shall receive acting pay until officially released of those duties with the following conditions:

- a. Compensation shall be requested in writing by the employee, outlining the circumstances, and the request is subject to the approval of the General Manager, or designated representative(s).

- b. Compensation shall only be requested if the additional duties are to be undertaken for more than two (2) complete consecutive pay periods.
- c. Acting pay will be effective at the beginning of the first pay period following completion of two (2) complete and consecutive pay periods of performing the duties of a higher job classification.
- d. If the employee is scheduled to receive a merit increase for the position in which he/she normally fills while serving in an acting status, the necessary forms shall be completed to document such increase, and such increase shall be implemented upon conclusion of the acting pay duties. The employee may receive a corresponding increase in compensation for acting pay duties. The employee's merit review date shall not be affected by time spent in acting pay duties.

4. Paydays

Employees are paid once a month on the 1st day of the month. Each paycheck will include earnings for all work performed through the end of the previous payroll period.

In the event that a regularly scheduled payday falls on a day off (e.g., a weekend or holiday), employees will be paid on the workday immediately preceding the regularly scheduled payday.

5. Final Pay

Final paychecks will be distributed on the next regularly scheduled pay day or earlier if required by law.

Chapter IV: EMPLOYEE BENEFITS AND SERVICES

Upper District provides a comprehensive package of employee benefit programs for its employees. This package is subject to change at Upper District's discretion, at any time.

Complete and official details of insurance benefits are contained in separate booklets provided to Upper District employees by our insurance and benefit providers.

Some descriptions of insurance benefits in this Manual may be only brief summaries or general information. Contact the Upper District Executive Manager - Finance and Administration for more details.

The existence of these employee benefits and plans, in and of themselves, does not signify that an employee will necessarily be employed for the requisite time necessary to qualify for these benefits and plans.

Upper District shall only provide medical, dental, and optical insurance benefits for qualified program participants in accordance with Resolution Number 7-21-622 and/or other subsequent amendments or applicable policies.

1. Retirement

Upper District provides retirement benefits to its employees through the California Public Employees Retirement System (CalPERS).

For new members hired on or after January 1, 2013, the following reforms under the California Public Employee's Pension Reform Act (PEPRA) apply:

- Employees must contribute at least 50% of the cost of their pensions. Therefore, Upper District will not "pick up" the employee share. Upper District will not offer a Supplemental Defined Benefit Plan.
- The retirement formula for miscellaneous employees will be 2% at 62 with a maximum benefit of 2.5% at 67. Upper District will use the formula closest to the one existing on December 31, 2012. Pensions will be based on the highest 36 months of base salary (instead of the final year's compensation), excluding compensation such as leave payouts and overtime. Annual cap for compensation used to calculate pension is set by CalPERS.

New members, also known as PEPRA members, are defined as those who (1) have never been in any California public retirement system, (2) are new in this pension system and are not subject to reciprocity with another agency, or (3) were active members in the system and returned to work for a different employer after a break exceeding 6 months.

For non-PEPRA members, the full Benefit Retirement Formula is based upon 2.7% percent of the highest year salary, multiplied by the number of years of CalPERS service, at the age of fifty-five (55) years. Included in the CalPERS program are a 1959 Survivor Benefit and membership for part time employees. Contributions to CalPERS are based on a percentage of the employee's gross wages. Upper District pays the member contribution to CalPERS (8%) as additional compensation for all employees.

Because Upper District employees are members of CalPERS, Upper District does not participate in the Social Security System.

2. Health Benefits

Directors, upon being sworn-in, and eligible employees, after two months of employment to Upper District are offered a choice between the ACWA's Anthem Blue Cross "Classic PPO" and "Kaiser HMO" medical insurance plans or other plan as selected and approved from time to time by the Directors. The payment of this premium and the benefits provided may be altered at the discretion of Upper District.

For directors and employees who began service with the Upper District on or before June 30, 2021, Upper District will pay the premiums, dues, or other charges for a Health and Accident and Major Medical Payments Insurance Policy, as selected and approved by the Board of Directors from time to time, for each director, employee and their eligible dependents.

For directors and employees who began service with the Upper District on or after July 1, 2021, Upper District will pay the premiums, dues, or other charges for a Health and Accident and Major Medical Payments Insurance Policy, as selected and approved by the Board of Directors from time to time, for each director or employee and one dependent only. The director or employee may upgrade their health coverage to cover all eligible dependents at their own expense.

In addition, Upper District will reimburse qualified program participants, through its existing health reimbursement arrangement (HRA) program for their out-of-pocket expenses paid on account of deductions required under insurance coverage provided by the Upper District for major medical, health, accident and hospitalization, and for reasonable costs incurred for the prevention, diagnosis, or treatment of a disease, illness, or injury, dental, hearing, and vision including eligible expenses allowed under Internal Revenue Code Section 213(d), subject to the following conditions:

- a. Consistent with the Affordable Care Act (ACA), HRA reimbursements are only available to directors and/or employees who are enrolled in an ACA-compliant group health plan, other than the HRA.

- b. At the end of each calendar year, employees/directors may opt out of the HRA, forfeiting any remaining amounts in the HRA. Upon termination of employment, employees/directors may also permanently opt out of the HRA, waiving any future reimbursements therefrom.
- c. Employees and directors may permanently opt out of the HRA and waive future reimbursement from the HRA.

Total HRA reimbursement by Upper District must not exceed Four Thousand Dollars (\$4,000.00) for each qualified program participant in each calendar year. A qualified program participant on a two-party plan with one (1) dependent shall have a maximum of Eight Thousand Dollars (\$8,000.00) in eligible reimbursements each calendar year. A qualified program participant on a family plan with two (2) or more dependents shall have a maximum of Twelve Thousand Dollars (\$12,000.00) in eligible reimbursements in each calendar year.

Any misuse of the HRA Plan by directors or employees will result in immediate and permanent removal from participation in the Upper District's HRA Reimbursement Policy, and employees shall be subject to discipline, up to and including, termination from Upper District employment.

Please see Upper District's Executive Manager - Finance and Administration for proper documentation.

3. Retiree Health Benefits

Officers or full-time employees who began service with the Upper District, on or before June 30, 2021, who has served the Upper District continuously for a period of ten (10) years or more and is either (a) deceased while employed full-time with the Upper District, or (b) has reached the age of 55 years or older while employed full-time with the Upper District shall receive medical benefits the same or equivalent to those offered to active employees.

Officers and full-time employees who began service with the Upper District, on or after July 1, 2021, and has served the Upper District continuously for a period of ten (10) years or more and is either (a) deceased while employed full-time with the Upper District, or (b) has reached the normal retirement age set by CalPERS while employed full-time with Upper District, but has not yet attained the age of 65 years or eligibility for Medicare (Medicare Age) shall receive medical benefits the same or equivalent to that offered to active employees of the same tier. Once the retired officer, retired employee, or their surviving spouse reaches Medicare Age, retiree medical benefits through the Upper District shall cease.

Retiree medical benefits provided to a surviving spouse shall cease upon remarriage of the surviving spouse.

Employees must enroll in the plan they wish to retire into during the open enrollment period prior to retirement. No dependents may be added to the plan upon or after retirement.

4. Benefits Continuation (COBRA)

The Federal Consolidated Omnibus Budget Reconciliation Act (COBRA) gives employees and their qualified beneficiaries the opportunity to continue health insurance coverage under Upper District's health plan when a "qualifying event" would normally result in the loss of eligibility. Some common qualifying events are resignation, termination of employment, death of an employee; a reduction in an employee's hours or a leave of absence; an employee's divorce or legal separation; and a dependent child no longer meeting eligibility requirements.

Under COBRA, the employee or beneficiary pays the full cost of coverage at Upper District's group rates plus an administration fee. Upper District provides each eligible employee with a written notice describing rights granted under COBRA when the employee becomes eligible for coverage under Upper District's health insurance plan. The notice contains important information about the employee's rights and obligations.

5. Life Insurance

Upper District's eligible employees and directors are afforded life insurance at no premium cost to the employee or Director at the same time as becoming eligible for the health insurance. The assigned beneficiary of all full-time employees will receive one and half times the last reported annual salary amount not to exceed \$100,000.00. The assigned beneficiary of a director will receive \$10,000. The benefit is received after the date of death of the employee or director and terminates at retirement.

Please see Upper District's Executive Manager - Finance and Administration for proper documentation.

Upper District may change, eliminate or reduce this benefit in its discretion.

6. Disability Insurance

Upper District provides State Disability Insurance ("SDI") Coverage Benefits to its employees as provided by Section 709 of the California Unemployment Insurance Code. Upper District contributes the rate of taxable wages and maximum amount to contribute for each employee as required and determined annually by the Employment Development Department. Upper Districts' contribution is computed into the employee's salary. If SDI deductions are made from an employee's paychecks, then such employee may be eligible for Disability Insurance or Paid Family Leave under the California Unemployment Insurance Code. When such employees are unable

to work or reduce their hours because of (1) the need to care for a family member who is seriously ill or to bond with a new child, or (2) a sickness, injury or pregnancy, such employees may be eligible to receive: (a) Disability Insurance benefits or (b) Paid Family Leave benefits, depending on the type of qualifying event. A claim must be filed within 49 days of the first day of the disability or family leave.

7. Worker's Compensation

Upper District provides a comprehensive workers' compensation insurance program at no cost to employees. This program covers any injury or illness sustained in the course of employment that requires medical, surgical, or hospital treatment. Subject to applicable legal requirements, workers' compensation insurance provides benefits after a short waiting period or, if the employee is hospitalized, immediately.

Whenever an employee of Upper District has completed six months of continuous, active service in Upper District's employment and such employee is compelled to be absent from active duty as a result of injuries arising out of and in the scope and course of his employment, such employee shall be entitled to receive his/her regular pay until the commencement of his/her workmen's compensation pay and in addition thereto said employee shall be entitled to receive compensation from Upper District equal to the difference between his/her monthly salary and the compensation benefits received from the workers' compensation insurance carrier, for one month for each year of continuous Upper District employment.

Employees who sustain work-related injuries or illnesses should inform their supervisor immediately. No matter how minor an on-the-job injury may appear, it is important that it be reported immediately. This will enable an eligible employee to qualify for coverage as quickly as possible. Employees who have any questions regarding this workers' compensation coverage should contact Upper District's Executive Manager - Finance and Administration.

8. Unemployment Insurance

Upper District pays for this insurance on a quarterly basis to the State of California Employment Development Department as required by law.

9. Deferred Compensation Plan

Upper District makes available to all regular full-time employees and directors voluntary deferred compensation plans established in accordance with the provisions of Section 457 of the Internal Revenue Service Code. Employees and directors may choose from among plans offered by Upper District. Upper District retains the right to choose which plans to offer.

Upper District will provide matching contribution of up to \$500 per month to directors and PEPRA employees. For non-PEPRA employees, Upper District will provide matching contribution of up to \$250 per month. Please see Upper District's Executive Manager - Finance and Administration for more information and proper forms.

10. Direct Deposit

An Upper District employee can participate in the direct deposit of his/her paycheck into the financial institution(s) of his/her choice, upon request. Please see Upper District's Executive Manager - Finance and Administration to request direct deposit.

11. Communication Allowance

Members of the Executive Management Group shall receive a communication allowance as follows or as provided for in any contract entered with the employee.

Executive Managers - \$125 per month
General Manager - \$175 per month or as established by the Board of Directors

12. Vehicle Allowance

Members of the Executive Management Group shall receive a vehicle allowance as follows or as provided for in any contract entered with the employee.

Executive Managers - \$300 per month
General Manager - \$600 per month or as established by the Board of Directors

All automobile travel in the State of California within a 150-mile radius of the Upper District headquarters is covered by the District's vehicle allowance policy. Mileage incurred for travel within this limitation is not reimbursable.

Alternatively at the beginning of each fiscal year, employees may elect to receive reimbursement for actual mileage incurred for Upper District business at the prevailing IRS rate instead of a vehicle allowance.

13. Longevity Pay

Employees shall receive the following one-time payments on the employees' designated anniversary dates:

5 years of service -	\$50
10 years of service -	\$100
15 years of service -	\$150
20 years of service -	\$200
25 years of service -	\$250
30 years of service -	\$300

14. Professional Memberships

Upper District will reimburse each executive management employee up to a maximum of five hundred dollars (\$500) per fiscal year for the costs of joining and maintaining membership in district-approved professional organizations related to the employee's work at the Upper District.

15. Administrative/Personal Leave

On July 1st of each year, executive management employees shall be credited with six (6) days of administrative/personal leave, prorated as of hire date and to be taken at the request of the individual, with approval by the General Manager. It is recommended that administrative/personal leaves be used within twelve (12) months of when it is credited.

Each year, employees may sell up to six (6) unused administrative/personal days back to Upper District at their respective salary range or carry them over to the following year provided that the maximum accrued administrative/personal leave does not exceed twelve (12) days, or as specified in the employment contract in effect at the time of employment.

Employees who leave Upper District employment shall be compensated for all administrative/personal leave accrued, but not yet taken. Compensation shall be at the employee's rate of pay at the time of separation.

16. Vacation Leave

In order to take vacation days, employees must work full-time for Upper District for no less than six months. After six full months of employment with Upper District, employees will be entitled to five-sixths (5/6) of a working day per each month worked thereafter as paid vacation time, in accordance with the vacation earning schedule set forth below. The amount of vacation time employees earn each year increases with the length of their employment as shown in the following table:

VACATION EARNING SCHEDULE

Years of Eligible Service	Vacation Days Earned Per Month	Vacation Days Earned Per Year
0 to 5 years	5/6 day	10 days
6 to 10 years	1-1/4 day	15 days
11 to 15 years	1-5/12 day	17 days
16 th years +	1-2/3 day	20 days

Employees may decline ten (10) days earned vacation days in any one year and add those days to the next year's vacation entitlement. Thus, the maximum accrual of vacation time earned at any given year is the vacation days earned according to the eligible service years, plus ten (10).

Each year, employees may sell up to ten (10) vacation days back to Upper District at their respective salary range, provided that after the sale of any number of vacation days back to the District, the employee will have at least 10 vacation days remaining.

All vacations shall be taken at the discretion of the General Manager and at the convenience of the Board of Directors.

Upon retirement or termination of employment, employees will be paid for all of their earned, accumulated and unused vacation entitlement, if any, at the rate of pay at the time of retirement or termination.

17. Sick Leave

Abuse of sick leave privileges may result in disciplinary action. Sick leave may be used for legitimate illness or injury of an employee, immediate family member, spouse or registered domestic partner, for physical disability, by reason of illness, sickness, injury or serious illness of oneself or an immediate family member, spouse or registered domestic partner, child (whether biological or by adoption, step-child or foster child), sibling, grand-parent, grand-child, parent, or to bond with a new child or newly adopted child or foster child. Sick leave may be used for preventive health care. In addition, victims of crime (including but not limited to domestic violence, stalking and sexual assault) may use sick leave to take off time needed to safeguard health and safety.

When ill or unable to attend work, it is the employee's responsibility to notify their supervisor at the at the beginning of the first workday and beginning of each workday thereafter on which they are unable to work.

Upper District may request documentation from a licensed health care provider verifying that an employee needed to be absent from work due to an illness or injury. Such verification generally will not be requested unless an

employee has been absent from work for more than three consecutive days or Upper District has reason to suspect the employee has been abusing sick leave.

Full-time Employees

Full-time employees shall begin to accrue paid sick leave benefits under this policy on July 1, 2015 or on their first day of work if hired after that date. Full-time employees will accrue sick leave benefits at the rate of 12 days per year (1 day for every full month of service), not to exceed a total of 120 days. Sick leave benefits are calculated on the basis of a "benefit year," or the 12-month period that begins when the employee starts to earn sick leave benefits. Upon two months of service to Upper District, full-time eligible employees are entitled to take accrued paid sick leave in accordance with Upper District's Sick Leave policy.

Accumulated sick leave will not be paid upon termination of employment. However, upon retirement, as that term is defined under the CalPERS policy, payment for one-half (1/2) of all earned, accumulated and unused sick leave entitlement up to a maximum of 120 days will be made.

18. Bereavement

In the event of a death in the immediate family, an employee may utilize up to three working days with pay to handle family affairs and attend the funeral. For the purposes of this policy, "immediate family" is defined as a spouse, registered domestic partners, children, grandchildren, parents, grandparents, brothers, sisters, mother-in-law, father-in-law.

19. Personal Leaves of Absence

Employees who have been continuously employed with Upper District for at least one (1) year, may, due to special circumstances, request a personal leave of absence without pay, for a reasonable period of time up to one hundred and eighty (180) days. Requests for personal leaves of absence will be considered by the General Manager on a case-by-case basis, considering factors such as of length of service, performance, responsibility level, the reason for the request, whether other individuals are already out on leave, and the expected impact on Upper District.

Requests must be submitted in writing and be approved in writing by the General Manager before the leave begins. A request for an extension of a personal leave of absence must be submitted in writing and approved in writing by the General Manager before the extended period begins. It is the employee's responsibility to report to work at the end of the approved leave. If the employee fails to report to work on the day after the approved leave expires, said employee will be considered to have voluntarily resigned.

Upper District does not pay for group insurance premiums during any portion of a non-mandated, unpaid leave of absence beyond the end of the month in which the leave begins. Accordingly, premiums beyond that point for such coverage are the employee's complete responsibility and offered through COBRA. To keep the insurance in force, premiums for the period of the leave must be paid according to the schedule outlined in the COBRA notification form.

20. Holidays

Employees of Upper District will receive the following paid holidays:

New Year's Day	January 1
Martin Luther King's Birthday	January 21
President's Day	3 rd Monday in February
César Chávez Day	March 31
Memorial Day	Last Monday in May
Independence Day	July 4 th
Labor Day	1 st Monday in September
Veterans Day	November 11
Thanksgiving Day and Day after	4 th Thurs and Fri in November
Christmas Day	December 25

When Upper District recognizes a holiday that falls on Sunday, the following Monday will be observed as the holiday. If the recognized holiday falls on Saturday, the preceding Friday will be observed as the holiday.

Upper District employees will also receive two floating holidays in addition to Upper District's regular paid holidays. The first floating holiday may be used anytime within a week of the employee's birthday with approval by the employee's immediate supervisor. The second floating holiday, replacing Columbus Day, will may be used either the day before or the day after Christmas, as determined by the General Manager.

21. Jury Duty

For employees required to serve on a jury, Upper District will pay normal earnings for the actual time spent on mandatory jury duty service. Pay for jury duty service shall not exceed the employee's regularly scheduled number of work hours. Employees must, however, remit to Upper District all court fees received for jury service (excluding mileage reimbursement). Upper District's General Manager must be promptly notified after the employee receives notification to appear as a juror.

22. Educational Assistance

Upper District recognizes that education can enhance the capability of employees to conduct Upper District business in the most efficient and effective manner possible.

In the event that Upper District approves of an educational program or course pursuant to the approval process set forth more-fully below, Upper District shall reimburse eligible employees for education-related costs up to One Thousand Dollars (\$1,000) per unit, but not to exceed Five Thousand Dollars (\$5,000) per fiscal year per employee. Subject to the additional conditions set forth below, educational expense reimbursement is applicable towards programs required to obtain a certificate or degree curriculum from an accredited college or university.

Employees are eligible for the reimbursement of costs associated with education expenses provided the following conditions are met:

1. Employee has worked with Upper District in a full-time, permanent position for at least one year;
2. Actual selected units or courses are directly related to duties of employee's present position or advancement within the District as determined by the supervising officer and the General Manager. These include courses that are prerequisites to work-related courses and those that are required to obtain a degree in a work-related field;
3. Employee has obtained a written approval from the supervising officer and the General Manager prior to registration in the course. Request shall include the following information:
 - Educational objective(s) for the course;
 - Course outline;
 - Completion schedule of the course; and
 - Direct benefit(s) the course will provide to the employee's current essential job duties with the District;
4. Employee has obtained passing grade of "C" or better and submitted a proof of completion of the approved course(s) no later than sixty (60) days from completion date;
5. Any financial assistance, such as a grant or scholarship, received from non-District sources must be disclosed and applied toward the cost of the course before any District reimbursement is applied or remitted to the employee. Reimbursement provided for under this section shall be limited to those expenses not covered by the non-District funding; and
6. Employee has not terminated employment prior to submission of the required course grade or verification of completion and fee/cost receipts.

Participation in Upper District's tuition reimbursement program is entirely voluntary and will in no event conflict with the employee's job responsibilities or regular work hours without prior approval from the General Manager.

Tuition reimbursement is limited to the following items: registration, books, course related materials, and parking fees.

Employees who terminate employment with the District within one year from reimbursement date shall immediately return a prorated amount of such reimbursement to Upper District upon termination. By accepting reimbursement, the employee consents to such return upon termination of employment.

23. Time Off to Vote

Upper District encourages employees to fulfill their civic responsibilities by participating in elections. Generally, employees are able to find time to vote either before or after their regular work schedule. If employees are unable to vote in an election during their non-working hours, Upper District will grant time off needed to vote. For non-exempt employees, up to two hours off shall be without loss of pay. For exempt employees, time off to vote shall be without loss of pay.

Employees should request time off to vote from their supervisor at least two working days prior to the Election Day. Advance notice is required so that the necessary time off can be scheduled at the beginning or end of the work shift, whichever provides the least disruption to the normal work schedule.

Employees must submit a voter's receipt on the first working day following the election to qualify for time off.

24. Travel

a. General Rules

Occasionally employees may be reimbursed for the cost of authorized travel to any business-related meeting or training-related meeting. Reimbursement may be made upon written request and accompanied by appropriate receipts, if the travel has been budgeted, scheduled, and previously authorized by an Upper District supervisor.

b. Covered Expenses

No per diem limit is set; however, employees are expected to use prudence and good judgement in selecting the mode of travel, accommodations, meals, fees, and incidentals. Costs that are otherwise reimbursable shall not be reimbursed if deemed excessive by the General Manager. Travel expenses for spouses, domestic partners, or guests of staff members will not be reimbursed.

Authorized travel expenses include those costs incurred in the use of common carriers, e.g. plane, bus, train, etc. from the point of origin to destination and return, rental car fees (where necessary), bus, and taxi fares. Expense for the use of personal auto will be at the mileage rate established by the IRS.

Example of Allowable Costs

Examples of typical allowable costs would be airfare, train fare, or mileage; hotel; meals; transportation to and from hotel and airport; work-related telephone calls, including a reasonable number of calls to check on dependent care; reasonable tips and parking fees.

c. Reimbursement Procedure

Employees requesting reimbursement for expenses incurred in connection with authorized travel shall have the trip scheduled and approved before travel.

Upon completion of the trip, an expense form must be completed, signed, and submitted to the General Manager for review and authorization. Copies of all receipts shall be attached to the statement. Reimbursement will be made for that portion of expenses directly attributable to Upper District activities.

d. Request for Advance Funds

Upper District's General Manager must approve all requests for advance funds for business expenses. Employees must account for all expense advances within two working days after returning from a trip. Receipts must be provided, and residual funds returned to Upper District.

25. Military Leave

Military leaves of absence will be granted consistent with state and federal law. In order to be eligible, employees must submit written verification from the appropriate military authority.

Military reserve duty may be taken with regular pay if the employee elects to take the time as vacation. If leave is not classified as vacation by the employee, it will be considered a leave of absence without pay.

Upper District complies with Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA), including, but not limited to, rights relating to reemployment, benefits, and non-discrimination/retaliation.

If an employee leaves his or her job to perform military service, he or she has the right to elect to continue existing Upper District-based health plan coverage for self and dependents for up to 24 months while in the military. Even if the employee does not elect to continue coverage during military service, the employee has the right to be reinstated in Upper District's health plan when reemployed, generally without any waiting periods or exclusions (e.g. pre-existing condition exclusions) except for service-connected illnesses or injuries.

26. Return to Work Program

In an effort to minimize serious disability due to on-the-job and off-the-job injuries and illnesses and to reduce workers' compensation costs (if applicable), Upper District has developed a return to work policy.

This policy is consistent with Upper District's responsibilities under federal and state law to provide reasonable accommodations to persons with disabilities.

The applicable Upper District supervisor will assist by directing the employee to the appropriate care and assisting in the proper reporting of the injury or illness while maintaining communication with the injured worker. Upper District will conduct a reasonable accommodation meeting with an employee returning to work after a leave due to injury to ascertain whether a reasonable accommodation is needed to perform essential job duties. An employee requesting a reasonable accommodation may be asked to provide a reasonable and sufficient health care provider certification. If a reasonable and sufficient health care provider's certification is not provided, Upper District reserves the right to request the employee be examined by a physician, at Upper District's cost, to determine whether there are functional limitations requiring a reasonable accommodation to perform essential job duties. If the first two opinions differ, a third opinion may be obtained from a mutually agreed-upon physician at Upper District's cost.

27. Family Leave

Upper District will grant employees, with at least one year of continuous service or a minimum of 1250 hours up to 12 workweeks of unpaid leave in a 12-month period for certain family care responsibilities and for the employee's own serious medical condition in conjunction with the Family and Medical Leave Act (FMLA) and the California Family Rights Act (CFRA). The purpose of family leave is to provide the employee with the right to take time off from work to care for a family member with a serious health condition or to bond with a newborn or newly adopted or fostered child without jeopardizing one's job.

"Child" includes a biological, adopted, or foster child; a stepchild, a legal ward, a child of a domestic partner, or a child of a person standing in loco

parentis (who has parents' rights) who is either under the age of 18, or an adult dependent child.

"Family member's serious health condition," means an illness, injury (including on-the-job injury), impairment, physical or mental condition, which warrants the participation of a family member to provide care during a period of treatment or supervision and involves either inpatient care in a hospital, hospice or residential health care facility, or continuing treatment or supervision by a health care provider.

Employees using FMLA or CFRA leave may use accrued sick and vacation time if they choose.

Under the FMLA, the spouse, parent, child or next of kin of military service personnel may take (a) up to 26 weeks in a 12-month period to care for a service person ill or injured in the line of duty on active duty, and/or (b) up to 12 weeks for an exigency arising due to notice of an impending call to active duty. Under the CFRA, an employee who works at least 20 hours per week can take up to 10 days unpaid leave when their spouse is on leave from deployment. This may run concurrently with the FMLA exigency leave.

Requested leaves must be submitted to and be approved by the Upper District Supervisor before the leave begins, whenever possible. Reasonable notice is required when the need for leave is known in advance. Upon request, an employee must provide a certification of the need for leave from a health care provider.

Upper District will maintain coverage under any group health plan for the duration of the leave (for a maximum of 12 weeks) and under the conditions coverage that would have been provided had the employee been employed continuously during the leave. If an employee fails to return to work at the end of the leave period, Upper District has the right to collect from the employee the cost of the health benefit premiums, unless the employee does not return because of circumstances that are beyond the employee's control, including a FMLA-qualifying medical condition. An employee who returns to work for at least 30 days is considered to have "returned to work". Employees returning from leave must provide a certification from a doctor that they may return to work. Failure to return to work at the end of a 12-week FMLA leave without valid reason and notice to Upper District may be considered resignation.

Employees on FMLA or CFRA leave will be credited with all service prior to the commencement of their disability, but not for the period of their disability.

Upper District will notify employees if their FMLA leave runs concurrently with their workers' compensation or CFRA leave.

28. Pregnancy Disability Leave

Any full or part-time regular employee who is disabled by pregnancy, childbirth, or a related medical condition will, upon request, be granted a pregnancy disability leave of absence (PDL) without pay not to exceed 4 months.

An employee who is granted a PDL may utilize any accrued sick leave benefits and earned vacation benefits during the period of her leave. Any portion of the leave that occurs after all sick and vacation benefits have been exhausted shall be without pay.

Group insurance benefits ordinarily provided by Upper District will remain in effect until the end of the month in which the leave terminates. The employee is expected to pay for the full costs of these coverages thereafter (or Cobra payments if applicable).

If you require PDL, you must notify the Upper District Supervisor as soon as possible. The written notice should specify the commencement date of the leave, the expected duration of the leave, and be accompanied by a physician's statement.

Written extension requests of PDL, not to exceed the 4 month limitation, must be received by the Upper District Supervisor prior to the expiration of the approved leave or within three days of an absence. Employees who do not report for work without valid reason and notice to Upper District at the end of an approved PDL (or PDL followed by CFRA/FMLA leave where applicable) will be considered to have voluntarily resigned. Employees returning from a PDL shall be required to provide a physician's statement that indicates that they are medically able to return to work.

For employees on PDL, Upper District guarantees reinstatement to the same or comparable job with the same or comparable duties, pay, and location unless granting such a leave would substantially undermine Upper District's ability to operate its business safely and efficiently. Employees on PDL will be credited with all service prior to the commencement of their disability, but not for the period of their disability.

29. California's New Parent Leave Act

The New Parent Leave Act provides for 12 work weeks of unpaid leave within one year of child's birth, adoption, or placement in foster care. This leave is unpaid and must be taken for a minimum of two weeks at one time. Employees can use accrued sick or vacation time, if desired.

To qualify, an employee must have worked for Upper District for at least 12 months, and at least 1,250 hours during the previous 12-month period. All health benefits continue during the leave.

Employees are not eligible for leave under the New Parent Leave Act if they are covered under both the FMLA and the CFRA. Conversely, an employee could be eligible for leave under the New Parent Leave Act, but not the FMLA or CFRA.

30. Lactation Accommodation

An employee needing to express breast milk can reserve the small meeting room which can be locked. Should this room be unavailable, Upper District will endeavor in good faith to work with such employee in finding a suitable alternate location at which the employee can express breast milk. The employee and applicable Upper District supervisor will work together to schedule the break time needed to accommodate the employee's needs.

31. Donated Leave Program

Purpose

The purpose of this policy is to provide guidelines and clarify requirements and procedures for leave donations.

Background

Upper District recognizes the benefits of establishing a program that facilitates employees' donation, on a voluntary and confidential basis, of a portion of their vacation, personal and/or administrative leave to assist fellow employees who have used all of their leave balances or may use all of their leave balances for medical emergencies due to a catastrophic illness or injury.

Policy

A. Definition of Terms

1. *Catastrophic illness or injury* - a serious illness or injury expected to incapacitate the employee or an immediate family member for an extended period of time, creating a financial hardship because the employee has exhausted all accumulated leave. A catastrophic illness or injury for these purposes is further defined as a medically verified debilitating illness or injury of the employee or an immediate family member, resulting in the employee being required to take time off from work for at least 20 work days and involves:
 - a. A period of incapacity or treatment connected with the inpatient care in a hospital, hospice, or residential medical care facility; or
 - b. A period of incapacity involving continuing treatment by or

- under the supervision of a licensed health care provider; or
- c. A period of incapacity for treatment due to a chronic health condition (e.g. diabetes);
- d. A period of long-term incapacity due to a condition for which treatment may be ineffective (e.g. stroke, terminal disease, etc.); or
- e. Absence from work to receive multiple treatments, including any period of recovery therefrom, either for restorative surgery after an accident or injury, or for a chronic condition such as cancer or kidney disease.

Pregnancy or elective surgery is not considered catastrophic illness or injury except when life-threatening conditions arise from such pregnancy or elective surgery. Conditions which are short term in nature including, but not limited to, flu, measles, common illnesses, common injuries, etc., are not deemed catastrophic. Chronic illnesses or injuries which result in intermittent absences from work might be considered catastrophic. Generally, such chronic illnesses or injuries must be both long term in nature and require a long recuperation period.

2. *Donated Leave Bank (Leave Bank)* – the accumulated hours donated by employees for utilization in accordance with this regulation.
3. *Donor* – a regular full time District employee who has passed the initial probationary period, is eligible to accrue and use leaves and will have at least 20 days of combined accrued leave balances remaining after donation, may request approval to participate as a donor of emergency leave. Donation of leave will be reviewed for compliance with the program guidelines.
4. *Donated Hours* – earned vacation, compensatory time and/or administrative leave hours that an employee agrees to donate to another employee under this program.
5. *Recipient* – a regular full time District employee who has completed the probationary period and is:
 - a. Eligible to accrue and use leaves;
 - b. Suffering from or whose immediate family member is suffering from a catastrophic illness or injury;
 - c. Has exhausted all accrued leave including, but not limited to, vacation, sick, administrative, personal and/or compensatory time, or will do so before the return-to-work date; and
 - d. On an approved leave of absence or is able to work but his/her health care provider has prescribed multiple and/or ongoing treatments for an eligible condition, requiring periodic absences from work.

Recipient employee must submit a written request at the time the emergency leave donation will be used. Retroactive applications will not be accepted.

6. *Health Care Provider* – A doctor of medicine authorized to practice medicine or surgery, as appropriate, by the state in which the doctor practices.
7. *Immediate Family Member* – an employee's spouse, registered domestic partners, children, grandchildren, parents, grandparents, brothers, sisters, mother-in-law and father-in-law.
8. *12-Month Period* – measured forward from the date an employee first receives donated hours.

B. Program Guidelines

1. All donations shall be voluntary and confidential.
2. Donations must be made in whole hour increments, with a two-hour minimum donation from any employee and a maximum total of 80 hours per calendar year.
3. Donations are irrevocable. Hence, employees are encouraged to exercise caution in making large donations that they may need for their own use in the future.
4. The donor/recipient shall not receive/offer anything of value in exchange for the donation.
5. Donated hours will be converted to dollars at the hourly rate of the donor. The dollars shall then be converted to sick leave at the hourly rate of the recipient.
6. Upon written request, an eligible employee may receive up to 320 hours of donated leave time within a 12-month period, at the employee's current rate of pay.
7. Recipient employees must use all of their own leave before using donated hours received.
8. Full time employees that are out due to their own catastrophic illness/injury may only receive enough leave to cover any unpaid portion of their waiting period prior to receiving disability benefits.
9. In no event will an employee receive more than their regular pay as a result of the leave donation.
10. Recipients shall not accrue vacation, sick, administrative and/or compensatory time and will not be eligible for overtime while using donated hours.
11. Nothing in this policy shall be construed to require an employee to disclose any employee medical or health information. However, consistent with the FMLA, CFRA, PDL, state medical leave laws, and the ADA, recipients may be required to submit to Upper District management a certification from a health care provider that a qualifying medical leave is needed and a verification of fitness for duty and the ability to work upon recovery.
12. Wage garnishments will continue during the use of donated hours.

13. Donation requests will be processed on a first come, first served basis by the Executive Manager - Finance and Administration and approved by the General Manager.
14. Unless authorized by the General Manager, donors may not designate a specific employee to receive their donation.
15. If more than one recipient is received at the same time and the leave bank does not have sufficient balance to cover all requests for leave donation, the balance shall be distributed equally among the approved recipients until the leave bank is depleted, an employee is no longer in need of donated hours, or an employee has reached the maximum time allowed, whichever comes first.
16. Any donated hours not used by the recipient will revert to and/or remain in the leave bank.
17. Upper District reserves the right to grant or deny requests made under this program for any reason. This program does not guarantee that any and/or all requests for leave time will be granted.
18. Upper District also reserves the right to require any employee to undergo a fitness for duty examination to determine their return-to-work status.
19. Employees who attempt to provide false and/or misleading information in an attempt to secure benefits or continue benefits under this program may be subject to disciplinary action up to and including termination.
20. All policies and regulations related to this program are subject to change at any time and without advance notice.

Chapter V: EMPLOYEE SAFETY AND HEALTH

Upper District strives to provide safe working conditions for its employees.

Safety is also every employee's shared responsibility, and all employees are expected to exercise every reasonable means necessary to keep Upper District a safe place to work.

Employees are responsible for becoming familiar with safety procedures and policies, observing them at all times. Any employee who notes safety problems, or has safety concerns, is required to inform their supervisor immediately.

1. Fires and Emergencies

Upper District has an emergency procedure to follow in the event of fire or disaster. Exits, fire extinguishers, and first-aid kits are located throughout Upper District's facilities. Exits and areas around the fire extinguishers must be unobstructed and kept clear at all times.

2. Accidents

No matter how insignificant an on-the-job injury or accident may seem when it occurs, the appropriate Upper District supervisor must be notified immediately.

3. Injury and Illness Prevention Program

Upper District's Injury and Illness Prevention Program defines Upper District's safety practices and establishes responsibilities for the administration and coordination of the safety program. It covers the following areas: responsibilities, inspections, accident investigations, training, safety and emergency procedures, reporting procedures, two-way communication, disciplinary procedures and effectiveness measures.

4. Cellular Phone Safety

The use of cellular phones while driving on Upper District business is considered a dangerous distraction and is prohibited. Employees required to keep their cell phones turned on while driving must safely pull off the road and stop before conducting Upper District business over the phone. Under no circumstances may an employee driver initiate or answer a cellular phone call or text message while driving a vehicle on Upper District business.

Chapter VI: STANDARDS OF CONDUCT

1. General Standards of Conduct

Groups of people who are working together for any purpose require certain guidelines governing appropriate conduct and relationships. Accordingly, employees must be aware of their responsibilities to Upper District and to their Upper District co-workers.

Upper District reserves the right to search, for work-related purposes (e.g., investigation of work-related misconduct), Upper District property, such as desks and cabinets, on Upper District property, to the extent permitted by law. Employees understand and agree that they shall have no reasonable expectation of privacy in such property.

The following is a non-exhaustive list of violations which will result in corrective action, up to and including termination:

- a. Falsifying employment application, time card, or other Upper District documents or records.
- b. Unauthorized possession of Upper District property, or the property of other employees; gambling; carrying weapons or explosives; or violating criminal laws on Upper District premises.
- c. Fighting, throwing things, horseplay, practical jokes, or other disorderly conduct on Upper District premises.
- d. Engaging in acts of dishonesty, fraud, theft, or sabotage.
- e. Threatening, intimidating, coercing, using vulgar language, or interfering with the performance of other employees, including any violation of Upper District policy prohibiting harassment.
- f. Insubordination or refusal to comply with supervisor's instructions, or failure to perform reasonable duties which are assigned.
- g. Violation of Upper District policy regarding alcohol and drugs.
- h. Unauthorized use of Upper District time, equipment, or property.
- i. Damaging or destroying Upper District property.
- j. Performance which, in Upper District's opinion, does not meet the requirements of the position.
- k. Failure to observe fire prevention and safety rules.

- l. Failure to maintain the appearance and upkeep of the office and individual work areas.
- m. Excessive lateness or absences or unexcused absences.
- n. Violation of any Upper District policies, including but not limited to policies against Discrimination or Retaliation.
- o. Working unauthorized overtime, encouraging others to work uncompensated overtime, or maintaining any informal method of compensation for hours or overtime.
- p. Misuse of Upper District property or funds.
- q. Failure to report to work for three consecutive days without excuse or notice.
- r. Sleeping on the job.
- s. Unprofessional conduct.

This list is intended to be representative of the types of activities which may result in disciplinary action and is not intended to be comprehensive.

2. Harassment and Retaliation Prohibited

Harassment in employment on the basis of sex, pregnancy, childbirth, breastfeeding or related medical conditions, race, color, national origin, ancestry, genetic information, citizenship, religion, age (40 and older), physical or mental disability, medical condition, sexual orientation, gender identity or expression, veteran status, military service, or marital status is unlawful under federal and state law. Upper District does not tolerate harassment in the workplace or in a work-related situation. Harassment is a violation of Upper District's rules of conduct.

- a. Unlawful harassment in employment may take many different forms. Some examples are:
 - 1. Verbal conduct, such as epithets, derogatory comments, slurs, or unwanted comments and jokes;
 - 2. Visual conduct, such as derogatory posters, cartoons, drawings, or gestures;
 - 3. Physical conduct, such as blocking normal movement, restraining, touching, or otherwise physically interfering with the work of another individual;
 - 4. Threatening or demanding that an individual submit to certain conduct or to perform certain actions in order to keep or get a job, to

avoid some other loss, or as a condition of job benefits, security, or promotion; and

5. Retaliation by any of the above means, for having reported harassment or discrimination, or having assisted another employee to report harassment or discrimination.

b. Sexual harassment under these laws includes unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when:

1. Submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment;
2. Submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting such individual; or
3. Such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.

c. Internal Complaint Procedure

Each employee is entitled to work free of discrimination and harassment based on sex, pregnancy, childbirth, breast-feeding or related medical condition, race, color, national origin, ancestry, genetic information, citizenship, religion, age (40 and older), physical, or mental disability, medical condition, sexual orientation, gender identity or expression, veteran or military status, or marital status. Accordingly, discrimination and harassment will not be tolerated. Violation of this policy will result in corrective/disciplinary action up to, and including, immediate discharge.

Any such individual who believes that he or she is the object of harassment or discrimination on any prohibited basis, or who has observed such harassment or discrimination, must notify an Upper District Supervisor, the General Manager, or Upper District's General Counsel. Upper District will investigate the matter and will take such corrective and preventive action as is warranted under the circumstances.

d. Retaliation Prohibited

Retaliation, as prohibited under state and federal law, is not permitted. Prohibited retaliation includes retaliation for any of the following actions: disclosing a possible violation of a state or federal law, rule or regulation to a government agency (including but not limited to the California State Attorney General's whistleblower hotline), filing a formal complaint or charge against Upper District, refusing to participate in an activity that would result in a violation of a state or federal law, rule or regulation, exercising whistleblowing rights in a current or former job, complaining about prohibited discrimination or harassment or participating in a related

investigation, proceeding or hearing. This policy also prohibits retaliation against any employee who reports any unsafe or unhealthful working condition or practice. No Upper District official may make any policy, or adopt or enforce a rule, regulation or policy that prevents any employee from being a whistleblower. Further, employees will not be subject to discrimination or harassment for having exercised their right to apply for FMLA or PDL leave, or a reasonable accommodation for a disability, whether or not the application is ultimately granted.

e. Required Sexual Harassment Prevention Training

Pursuant to AB 1825, as expanded by SB 1343, employers with five or more employees are required to provide sexual harassment prevention training to all supervisors and employees.

In addition to supervisors receiving two hours of sexual harassment prevention training, nonsupervisory employees must receive one hour of sexual harassment prevention training. Training must take place within six months of hire or promotion and once every two years thereafter. Upper District will provide the training or reimburse employees for the cost of such training with prior approval of the course. The Upper District will retain a copy of certifications of compliance.

3. Workplace Violence

Safeguarding the safety and security of employees and customers is very important to the Upper District. Threats, threatening behavior, acts of violence, or any related conduct which disrupts employees' work performance or the Upper District's ability to execute its daily business will not be tolerated.

To maintain a workplace that is safe and free of violence for all employees, Upper District prohibits the possession or use of dangerous weapons on Upper District property. A license to carry a weapon on Upper District property does not supersede this policy. Upper District property is defined as all Upper District owned or leased buildings and surrounding areas such as sidewalks, walkways, driveways, and parking lots under Upper District's ownership or control. This policy applies to all vehicles that come onto Upper District property.

Any person who makes threats, exhibits threatening behavior, or engages in violent acts on Upper District property may be removed from the premises pending the outcome of an investigation. Threats, threatening behavior, or other acts of violence outside of Upper District property directed at Upper District employees, Upper District Board members, or the public while conducting business for the Upper District, is a violation of this policy.

Off-site threats include but are not limited to threats made via telephone, fax, electronic or conventional mail, or any other communication medium. Violations of this policy will lead to disciplinary action that may include suspension, termination, or other disciplinary action as appropriate; in addition to arrest and prosecution. In addition, if the source of any such inappropriate behavior is a member of the public, the response may also include barring the person(s) from Upper District property, and/or termination of business relationships with that individual

Employees are responsible for notifying the Executive Manager - Finance and Administration, General Manager, or any other supervisor of any threats which they have witnessed, received, or have been told that another person has witnessed or received. Employees should also report any behavior they have witnessed, on Upper District property or in connection with Upper District employment, which they believe may be threatening or violent.

Any employee that receives a protective or restraining order that lists Upper District premises as a protected area is required to provide the Executive Manager - Finance and Administration with a copy of such order.

4. Attendance Standards

Punctuality and regular attendance are essential to the proper operation and administration of Upper District. Upper District recognizes that employees may have periodic absences for illness or personal matters. However, recurring and excessive absences and/or tardiness adversely affects productivity, morale, workflow, and service and directly impacts Upper District's ability to meet its goals. Unexcused absence or excessive tardiness may result in termination.

Notice of Absence

Any employee who is unable to report for work for any reason, (except employees on approved leave) will arrive late or must leave early should notify their immediate supervisor before the start of the workday or work shift. Upper District's phone number is (626) 443-2297.

Upper District intends to maintain a positive environment that supports its goals while recognizing individual needs and circumstances. If attendance issues arise, employees should speak with their supervisor who can discuss the impact of the employee's attendance on the District's goals and the employee's individual performance.

5. Alcohol and Drugs

Upper District recognizes that behavior resulting from the use of alcohol and/or drugs may detrimentally affect the safety and work performance of its workforce and can present a risk to the health and welfare of its employees and members.

In recognition of Upper District's responsibility to maintain a safe work environment, and the employee's responsibility to perform safely, Upper District will act to eliminate any substance abuse which increases the risk of injuries, accidents, or substandard performance. For the purpose of this policy, substance abuse includes the use or possession of illegal drugs, alcohol or, abuse of prescription drugs that would impair an employee's work performance and/or ability to perform his/her job safely. An employee may be considered "impaired" if, in the opinion of an industrial safety consultant or hygienist, such amount was in fact impairing under the circumstances. The level of impairment need not reach the level required for conviction under the Vehicle Code.

It is expected that:

- (a) Employees shall not be at work, drive a vehicle on Upper District business, or operate Upper District's equipment if they have any amount of alcohol or illegal drugs in their system which would result in a confirmed positive test. Employees shall not possess open containers of alcohol, or use or possess illegal drugs while on duty, and shall not manufacture, distribute, dispense, sell or provide illegal drugs to any person while on duty.
- (b) If the use of a prescription drug combined with the duties of the required job creates an unsafe working condition, this fact shall be reported to the Upper District Supervisor prior to reporting to work. Employees whose job performance is restricted as such may be subject to reassignment, medical examination, or in any other manner the Upper District Supervisor deems in the best interests of safety.

Pre-Placement/Post Offer Controlled Substance Testing

Any offer of employment will be conditioned upon a negative drug screening analysis. The Upper District Supervisor will coordinate this process. Either (a) a positive test indicating the presence of illegal controlled substances or (b) a refusal to submit to such testing, will disqualify an applicant for the position and will result in a withdrawal of any conditional offer of employment .

Fitness for Duty or Reasonable Suspicion Testing

Employees may be referred for drug and alcohol testing if the Upper District has reasonable suspicion that an employee is under the influence of drugs and/or alcohol. Reasonable suspicion may be based on various indicia, including, but not limited to, significant and observable changes in employee performance, appearance, or behavior or speech at work. Should Upper District determine such reasonable suspicion exists, the employee will be referred to a medical professional for a fitness for duty evaluation. The medical professional will evaluate the employee, and based on the evaluation, determine whether a test for drugs and/or alcohol shall be administered.

A test for alcohol will only be administered on those employees for whom there is a reasonable suspicion of intoxication while performing safety sensitive functions or immediately before performance of safety sensitive functions. For such employees, the test will be performed within two (2) hours of the reasonable suspicion of intoxication with alcohol (or within eight (8) hours with a documented explanation as to why the test was not performed earlier). Employees should not consume drugs or alcohol while awaiting such tests.

When any employee has been found in violation of these rules by testing or by the employee's own admission, the employee may be subject to discipline and/or required to submit to periodic substance testing as a condition of remaining in or return to Upper District employment.

Post-Accident Testing

Testing may be required when an accident occurs during a work shift, the nature of which creates reasonable suspicion of impairment of ability or judgment due to alcohol or drugs. Post-accident alcohol tests shall be administered within two (2) hours following an accident or within eight (8) hours with a written documentation as to the reason it was not conducted earlier. A post-accident drug test shall be administered within thirty-two (32) hours following an accident. Therefore, employees involved in an accident shall not consume drugs and alcohol during the applicable window of time until the test is completed.

An "accident" is defined as an incident involving a vehicle where, as a result of damage: (i) a vehicle must be transported away from the site of the accident, or (ii) a vehicle cannot depart from the site in its usual manner without some repair and/or maintenance, or (iii) a vehicle can depart from the site in its usual manner but will later require some repair and/or maintenance for safe operation, and/or (iv) bodily injury occurs to the driver and/or another individual(s): which requires medical attention to said driver and/or another individual, and/or which results in death.

Process:

- e. Upper District will make every effort to protect the confidentiality of drug and/or alcohol test results.
- f. Non-compliance with a supervisor's request to submit to a fitness for duty test and/or drug or alcohol test under these policies; noncompliance with a supervisor's request that the employee leave the work area; or any other reasonable request designed to safeguard the quality of care, the working environment and/or safety of the workplace, the employees, or the public constitutes insubordination and shall subject an employee to appropriate disciplinary action.
- g. Employees who voluntarily self-disclose and request assistance or leave for treatment of alcohol and/or drug dependency may be granted leave. Upper District will give such employees information about Employee Assistance Programs. Upper District is not required to grant leave for current users of illegal drugs who are not seeking treatment.
- h. Negative test results may warrant re-instatement and pay for the time off work if the employee was terminated or suspended without pay solely based on prohibited drug or alcohol use, unless other factors warrant termination or discipline, such as an admission of current illegal drug use or poor performance.
- i. Violation of this policy may lead to corrective action, up to and including immediate termination of employment.
- j. All test results will be reviewed by an appropriate licensed medical professional using sensitive accurate methodology to avoid false positive results and to ensure any positive results were not caused by legitimate use of prescription medication. An employee will have the opportunity to consult with a medical professional about a positive result. An employee will also have the opportunity to supply evidence of a legitimate prescription.
- k. Test results are not revealed to outside agencies or employees unless required by law; the information is placed at issue in a formal dispute between the employer and employee, to the extent necessary to administer an employee benefit plan (such as a health insurance plan); or where the information is needed by medical personnel to treat an employee during an emergency when the employee is unable to authorize disclosure. (Cal. Civil Code § 56.20(c).)
- l. In addition, the Upper District must notify a federal contracting agency within 10 days after receiving notice that an employee working pursuant to a federal contract or grant has been convicted of a criminal drug violation in the workplace.

6. Smoking Policy

Every employee is entitled to a smoke-free workplace. Smoking is prohibited inside the Upper District building.

7. Dress and Personal Appearance

Employees are expected to maintain an appropriate appearance that is neat and clean, as determined by the requirements of the work area, department and/or Upper District. Out of respect to Upper District and others, any time an employee is involved in a meeting with others, the employee should dress in "Professional Business Attire", unless specifically informed otherwise by those responsible for the meeting. All personnel will be expected to use reasonable judgment and to always promote the integrity and positive image of Upper District. Reasonable accommodations are made for religious dress, provided such accommodations are consistent with reasonable safety standards.

Attire Definitions

"Professional Business Attire" is defined as dresses, suit/sport Jackets, ties and dress shoes.

"Business Casual" means slacks/shirts/blouses and footwear that are generally appropriate for an office environment, including "Professional Business Attire"

"Casual Dress" includes "Professional Business Attire", "Business Casual" as well as jeans.

8. Housekeeping

Employees are expected to keep his/her work areas clean and organized and pick up after the use of the workroom. Common areas such as lunchrooms should be kept clean by each individual using them, including clean-up after meals or breaks and proper disposal of trash. Upper District provides recycling containers for aluminum cans. It is the responsibility of Upper District's staff to dispose of recyclables in a timely manner.

9. Computer and E-Mail Usage

Employees understand and agree that they do not have a reasonable expectation of privacy over any District equipment, containers, or supplies .

Computers, computer files, the e-mail system, and software furnished to employees are Upper District's property intended for business use. To ensure compliance with this policy computer and e-mail usage may be monitored.

Employees are further reminded that, under some circumstances, communications sent by e-mail may be subject to disclosure under the Public Records Act or during litigation. Therefore, it is important not to compromise employees or Upper District under these circumstances.

Upper District strives to maintain a workplace free of harassment and sensitive to diversity of its employees. Consistent with Upper District's anti-harassment and non-discrimination policies, Upper District further prohibits the use of computers and the e-mail system in ways that are disruptive, illegal, unprofessional, create a conflict of interest, are discriminatory, crude, harassing, or harmful to morale.

For example, the display and transmission of sexually explicit images, messages, and cartoons is not allowed. Other prohibited misuse includes, but is not limited to, ethnic slurs, racial comments, off-color jokes, or anything that may be construed as harassment, unprofessional conduct, or disrespect of others.

Incidental and occasional personal use of the e-mail system is permitted, but such messages are subject to the access and disclosure statement set forth in this policy. E-mail may not be used to solicit others for commercial ventures, religious or political causes, outside organizations, or other non-Upper District business matters.

Upper District's computers, hard-drives, network, and email systems may be audited and reviewed at any time by Upper District management and/or its IT contractors and network administrators.

Violation of this section will subject an employee to discipline, up to and including, termination.

10. Telephone Use

Upper District's telephones are to be used for business purposes in the course of normal Upper District operation. All calls are to be answered promptly and courteously, with the staff person identifying Upper District and him/herself. On occasion, personal calls may be necessary; but employees are asked to cooperate in limiting them to emergencies or essential personal business and in keeping them brief.

When calls are to be transferred, the staff person answering the telephone should obtain the name of the caller and should transfer the call only after announcing the name of the caller.

Long distance calls should be kept to a minimum to keep operating costs down.

11. Security

For purposes of the safety and welfare of employees, access to Upper District's facilities is restricted to those with proper authorization. Employees are asked to not discuss or share security information pertaining to Upper District premises, facilities, or services with any individual not employed by the District.

Keys to the facilities, and all safes, drawers, file cabinets, etc., shall be under the control of an authorized employee. Any loss or breach of security must be reported to Upper District's General Manager immediately.

Additionally, neither Upper District nor its insurance carriers take any liability for employees' personal belongings. Employees are encouraged to secure personal belongings to the best of their ability.

12. Off-Duty Conduct

While the Upper District does not seek to interfere with the off-duty and personal conduct of its employees, certain types of off-duty conduct may interfere with the Upper District's legitimate business interests. For this reason, employees should conduct their personal affairs in a manner that does not adversely affect Upper District's legitimate business interests. Conduct which adversely affects Upper District's legitimate business interests may be subject to review by the General Manager, and depending on the circumstances, an employee engaging in such conduct may be subject to discipline.

Chapter VII: SEPARATION FROM SERVICE

1. At-Will

The employment status of all Executive Management employees shall be "at-will". As described in Chapter 1, Section 3.

2. Disciplinary Action

Violation of Upper District's policies and rules may subject employees to disciplinary action as determined by the General Manager or his designee. Disciplinary action shall be implemented without the consideration of progressive discipline or due process procedures, and in no way limits or alters the at-will employment relationship.

3. Separation from Service

Any Executive Manager of Upper District may be laid off at any time and for any reason in the best interest of Upper District. Executive Management employees being separated shall receive severance payment equal to six (6) months base salary or as specified in the employment contract in effect at the time of employment. Any severance pay shall be paid at the employee's current rate of pay.

4. Termination

An employee who voluntarily resigns his/her employment or fails to report to work for three (3) consecutive scheduled workdays without notice to, or approval by his/her supervisor, will voluntarily terminate employment with Upper District. All Upper District owned property, including vehicles, keys, credit cards, materials, etc., must be returned immediately upon termination of employment.

An employee who wishes to leave the Agency's employment in good standing should file a written resignation with the General Manager at least two (2) weeks prior to the date of resignation.

MANUAL RECEIPT AND ACKNOWLEDGEMENT

I acknowledge that I have received a copy of the Upper San Gabriel Valley Municipal Water District Personnel Manual for Executive Management employees.

I understand that the Manual contains important information concerning Upper District's general personnel policies as well as my privileges and obligations as an Executive Management employee. I understand that my employment is governed by the content of this Manual. I further understand that Upper District may change, delete, reduce or add to any policies, benefits, or practices described in the Manual, from time to time in its sole discretion, including, but not limited to, medical, dental, and vision benefits to the extent permitted by law. Further, I understand that in the event the Manual conflicts with any other written policies, this Manual shall govern in regard to workplace employee policies.

Employee Signature

Date

Employee Name (Print)

(Sign and return to the General Manager)

General Manager Signature

Date

Please keep a copy of this acknowledgement for your records.