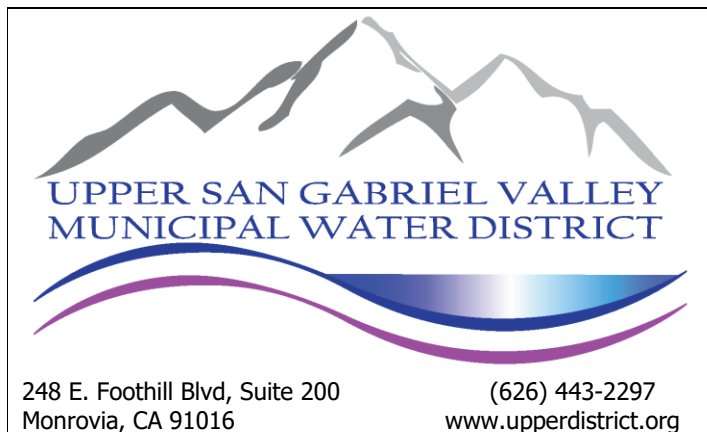


**ADMINISTRATION AND FINANCE
COMMITTEE MEETING
AND
SPECIAL MEETING OF THE
BOARD OF DIRECTORS**



**Tuesday, February 7, 2023
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/89050260118>

**Telephone Dial: 1 (669) 900-6833
Meeting ID: 890 5026 0118**

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.

*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. Quarterly Investment Update – December 31, 2022 (*Quarterly report enclosed. A representative from Chandler Asset Management will provide a presentation.*)
4. Revised Employee Handbook (*Staff memorandum enclosed.*)

Oral Reports

5. Financial Report and Quarterly Report on Investments– December 31, 2022
6. FY 2023/24 Budget Process

Other Matters

- 7.

Adjournment

Next Meeting: Tuesday, March 7, 2023 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.





Upper San Gabriel Valley Municipal Water District

Period Ending December 31, 2022

CHANDLER ASSET MANAGEMENT, INC. | 800.317.4747 | www.chandlerasset.com

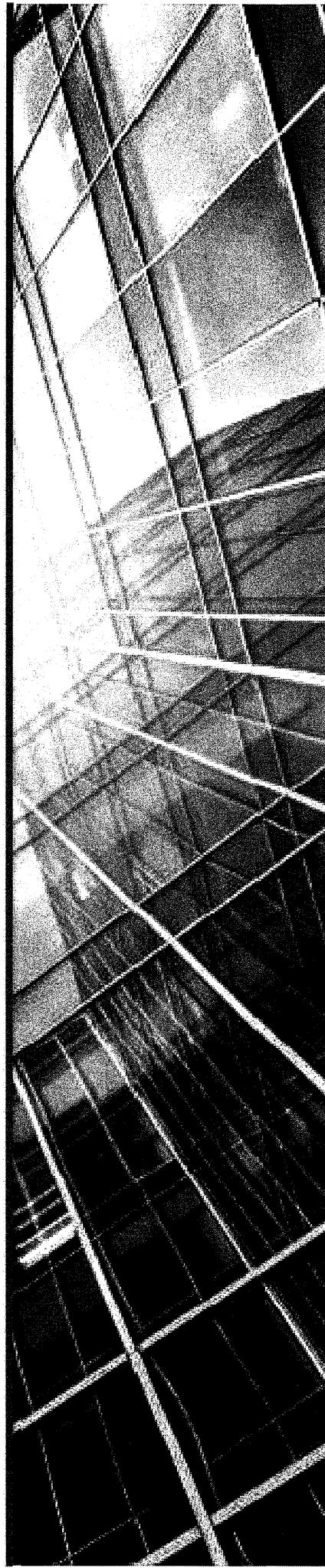


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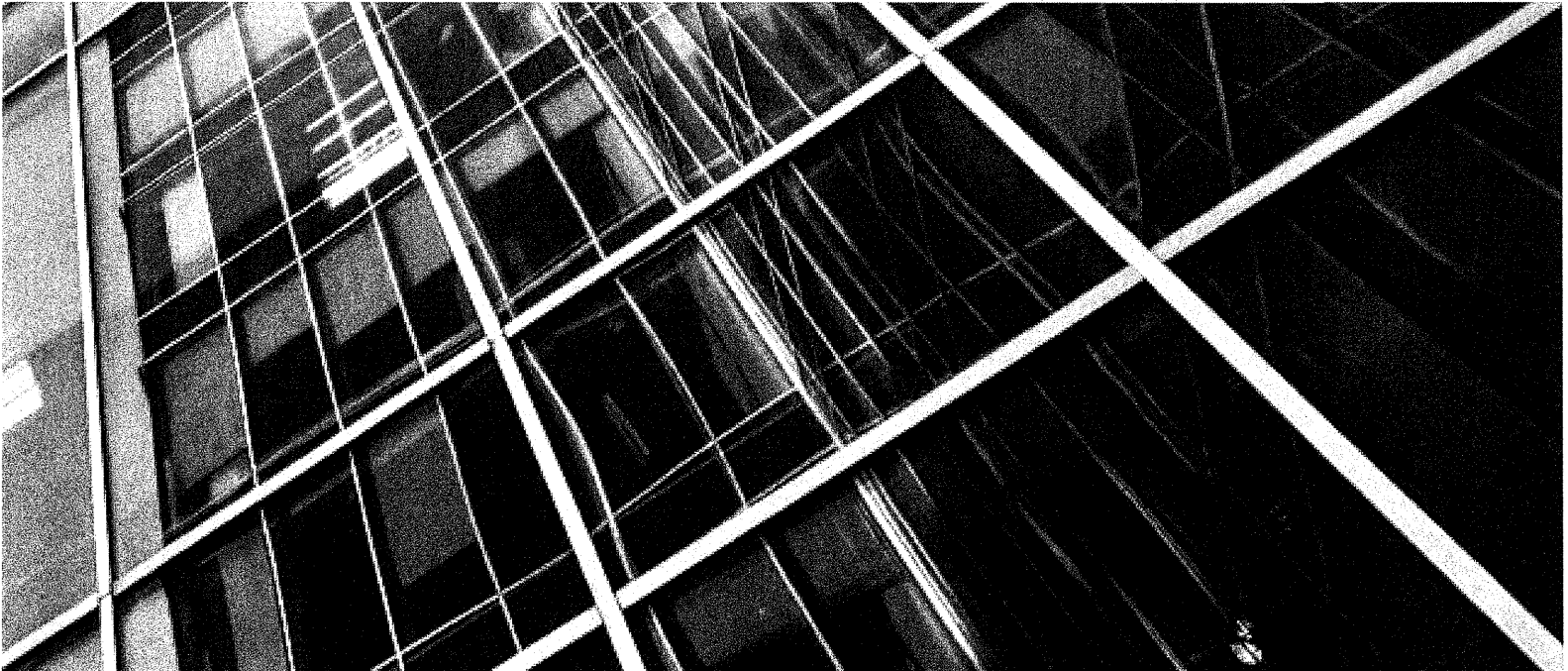
Account Profile

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SECTION 4

Transactions

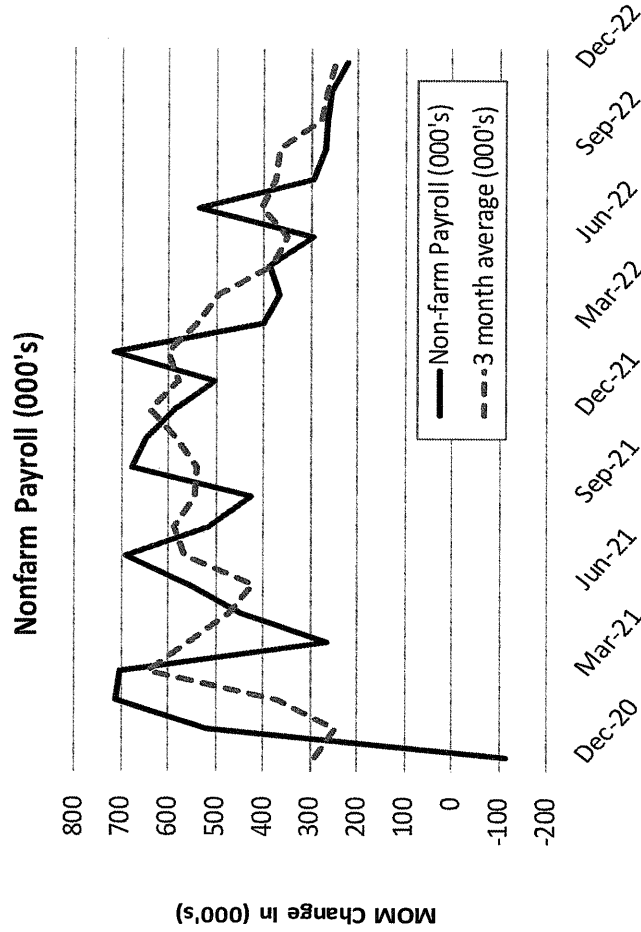


Section 1 | Economic Update

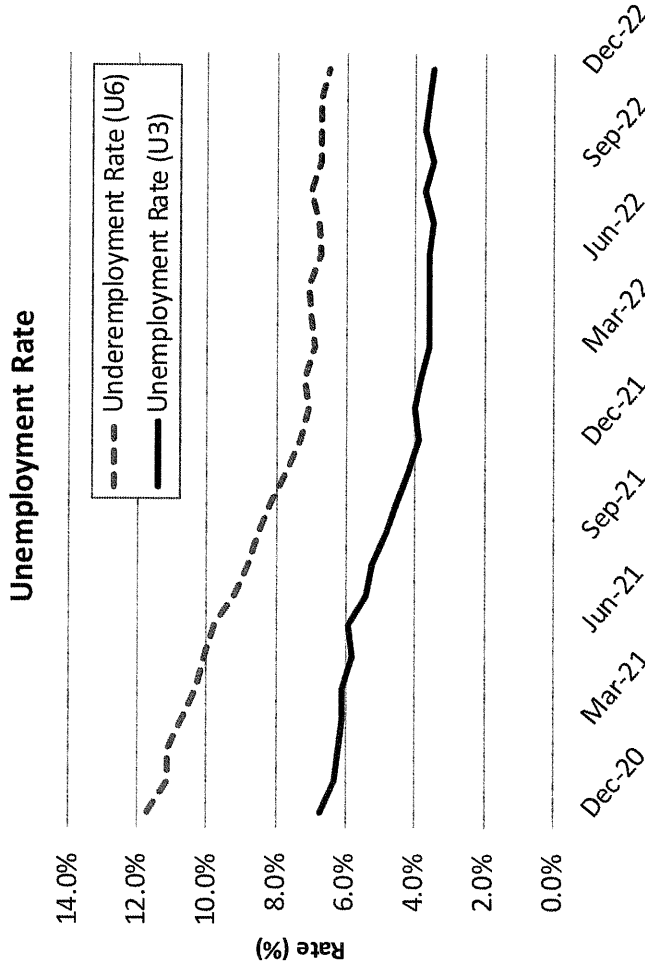
Economic Update

- Market volatility has intensified as investors weigh the probabilities of a hard or soft economic landing. Although the pace of job growth is moderating, a historically strong labor market has sustained economic expansion. Inflation metrics are trending downward but remain significantly higher than the Federal Reserve's target. Financial conditions have eased, and credit spreads have narrowed over the last quarter. Geopolitical risks remain as the Russia/Ukraine war persists and China reopens, while domestically the debt ceiling risk has emerged. As uncertainty has grown, the consensus market view has diverged from the Federal Reserve's projected rate path. While evidence of slower economic conditions has begun to mount, we believe the Federal Reserve will continue to tighten monetary policy at a slower pace and remain restrictive for some time, and uncertainty will continue to fuel market volatility.
- As expected at the December 14th meeting, the Federal Open Market Committee (FOMC) raised the fed funds target rate by 50 basis points to a range of 4.25 – 4.50%, in a downshift from four consecutive 75 basis point hikes. The decision was unanimous, and there was no change to the November statement. The sentiment was hawkish, indicating that “ongoing increases” in the fed funds rate are likely appropriate and citing continued labor market imbalances. FOMC members forecasted a higher fed funds rate, slower GDP growth, higher inflation, and higher unemployment in 2023 than in the September projections. We believe the FOMC will continue to implement tighter monetary policy at a slower pace and hold rates at restrictive levels for some time until inflationary pressures subside and remain in the Fed's target range.
- In December, yields rose, and the curve became less inverted. The 2-year Treasury yield increased 12 basis points to 4.43%, the 5-year Treasury yield rose 27 basis points to 4.01%, and the 10-year Treasury yield climbed 27 basis points to 3.88%. The inversion between the 2-year Treasury yield and 10-year Treasury yield narrowed to -55 basis points at December month-end versus -71 basis points at November month-end. The spread was a positive 78 basis points one year ago. The inversion between 3-month and 10-year treasuries narrowed to -50 basis points in December from -74 basis points in November. The year 2022 saw a dramatic shift in the Federal Reserve's policy from highly accommodative to aggressive tightening, resulting in significantly higher rates and an inverted yield curve. The shape of the yield curve indicates that the probability of recession is increasing.

Employment



Source: US Department of Labor

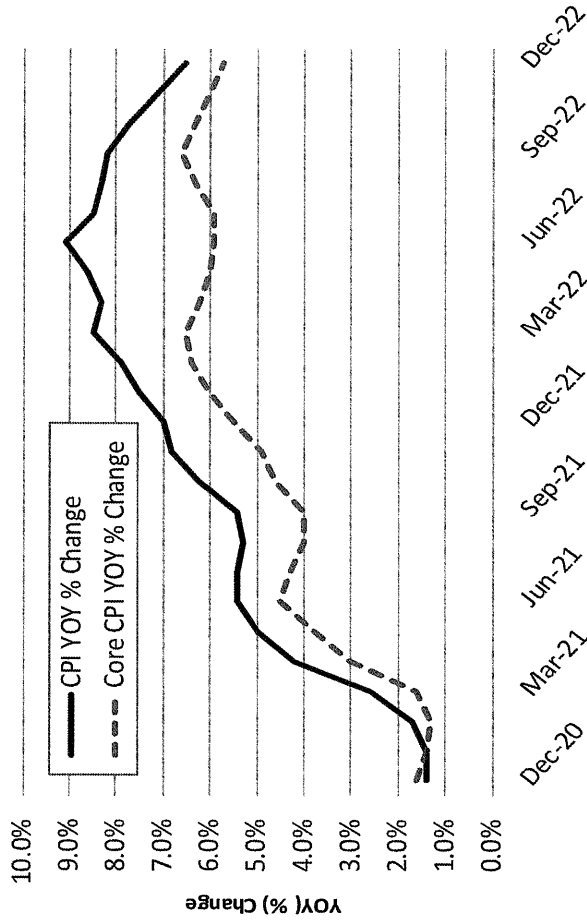


Source: US Department of Labor

The U.S. economy added 223,000 jobs in December, slightly higher than market expectations of 205,000, but a decline from November's revised increase of 256,000. Trends in employment remain healthy, with the three-month moving average payrolls at 247,000 and the six-month moving average at 307,000. Jobs in the goods producing sector were surprisingly strong, and leisure and hospitality employment growth remained solid. The unemployment rate dipped to 3.5%, returning to its pre-pandemic level. The labor participation rate increased only slightly to 62.3% in December from 62.1% in November, indicating the supply of labor remains challenging for employers. The U-6 underemployment rate, which includes those who are marginally attached to the labor force and employed part time for economic reasons declined to 6.5% from the prior month at 6.7%. Average hourly earnings rose 4.6% year-over-year in December, down from a revised 4.8% increase in November. Overall, the December employment report demonstrates a strong demand for labor and supports the case for the Fed to continue raising the federal funds rate, but perhaps at a slower pace.

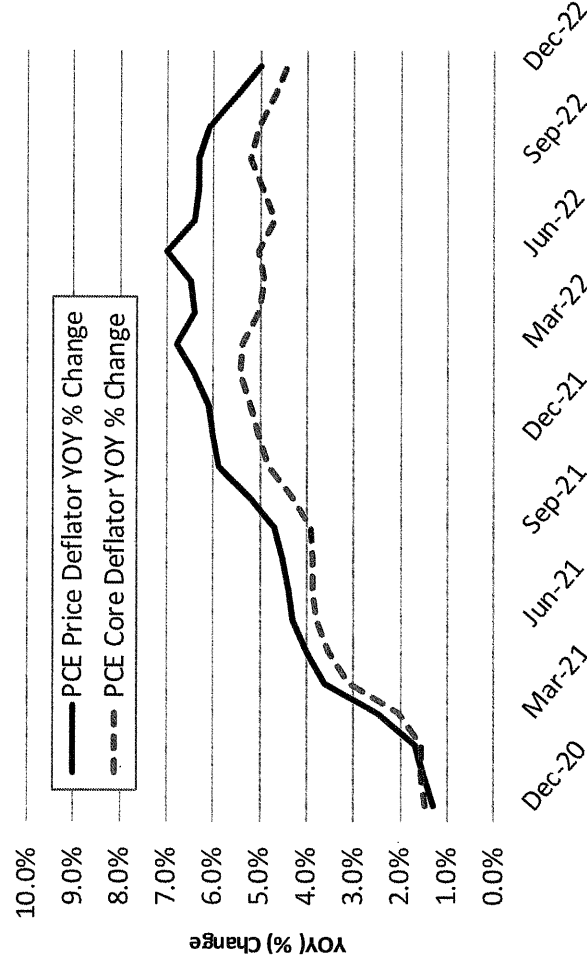
Inflation

Consumer Price Index (CPI)



Source: US Department of Labor

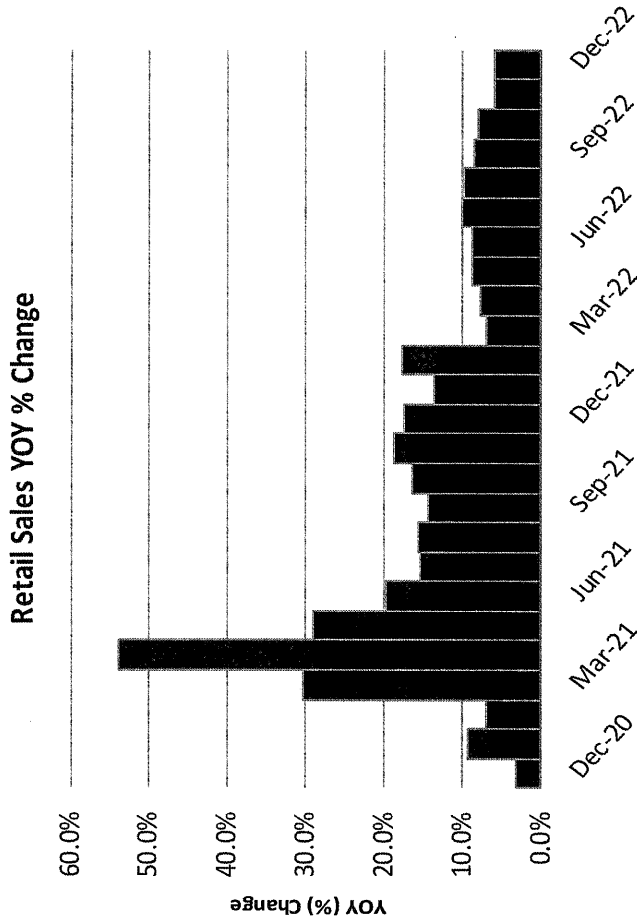
Personal Consumption Expenditures (PCE)



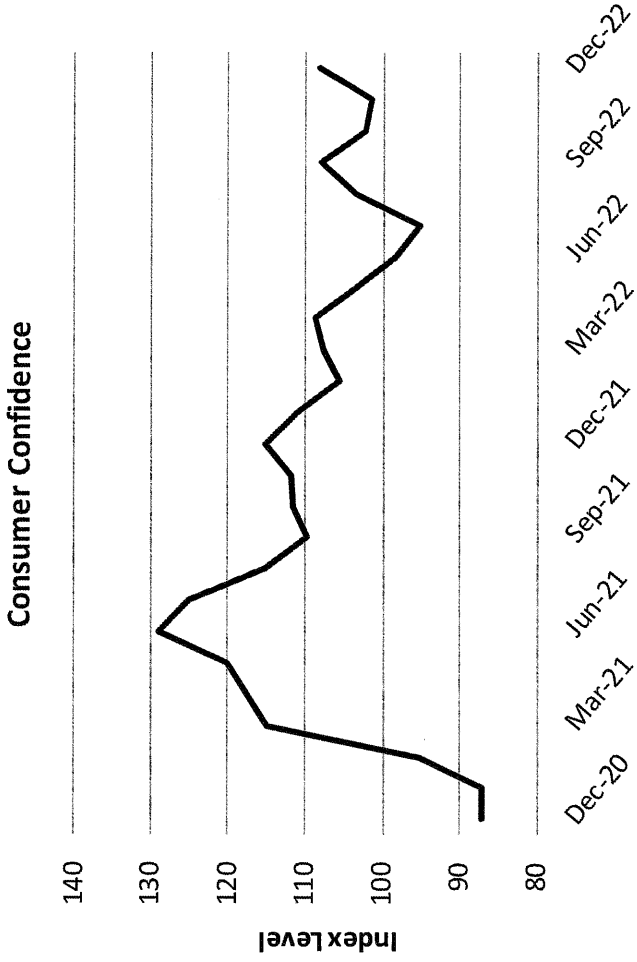
Source: US Department of Commerce

The Consumer Price Index (CPI) increased 6.5% year-over-year in December, down from a 7.1% year-over-year increase in November. The Core CPI, which excludes volatile food and energy components, rose 5.7% year-over-year in December, down from 6.0% in November. Gasoline prices decelerated materially, while shelter prices continued to rise. A shift in spending from goods to services continues to dampen merchandise prices. The Personal Consumption Expenditures (PCE) index rose 5.0% year-over-year in December versus a 5.5% year-over-year gain in November. Core PCE increased 4.4% year-over-year in December versus a 4.7% year-over-year gain in November. Declining inflationary trends are expected to provide the Federal Reserve room to reduce the pace and magnitude of future federal funds rate hikes.

Consumer



Source: US Department of Commerce

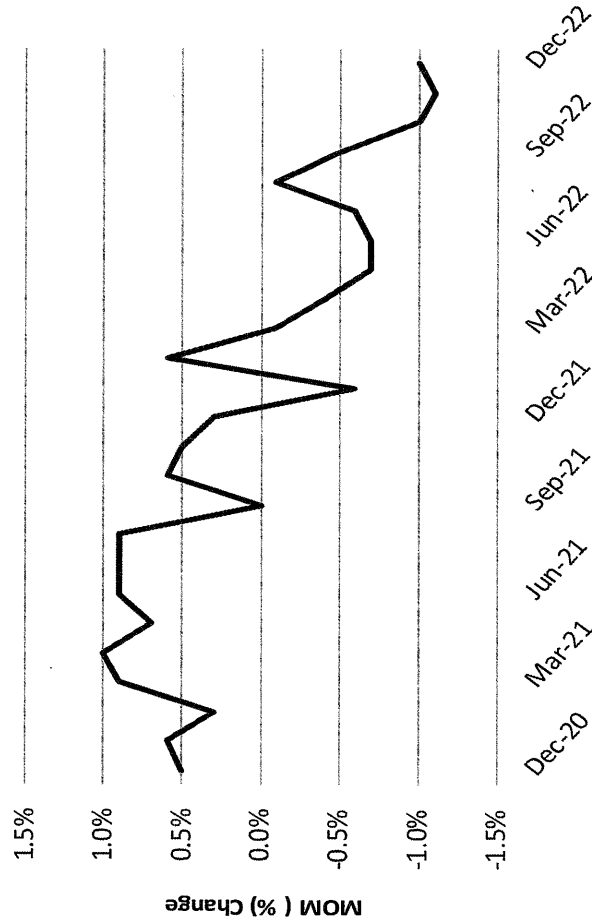


Source: The Conference Board

Advance Retail Sales dropped 1.1% in December after a downward revision to a 1% decline in November, reflecting a loss of momentum in consumer demand for goods amid high inflation and shifting preferences toward services. Retail sales rose 6% year-over-year in December, unchanged from November's year-over-year gain. Weakness was widespread among sectors. The Conference Board's Consumer Confidence Index jumped more than expected to 108.3 in December from an upwardly revised 101.4 in November. Views of current conditions and the future outlook for the economy both improved as inflation expectations declined.

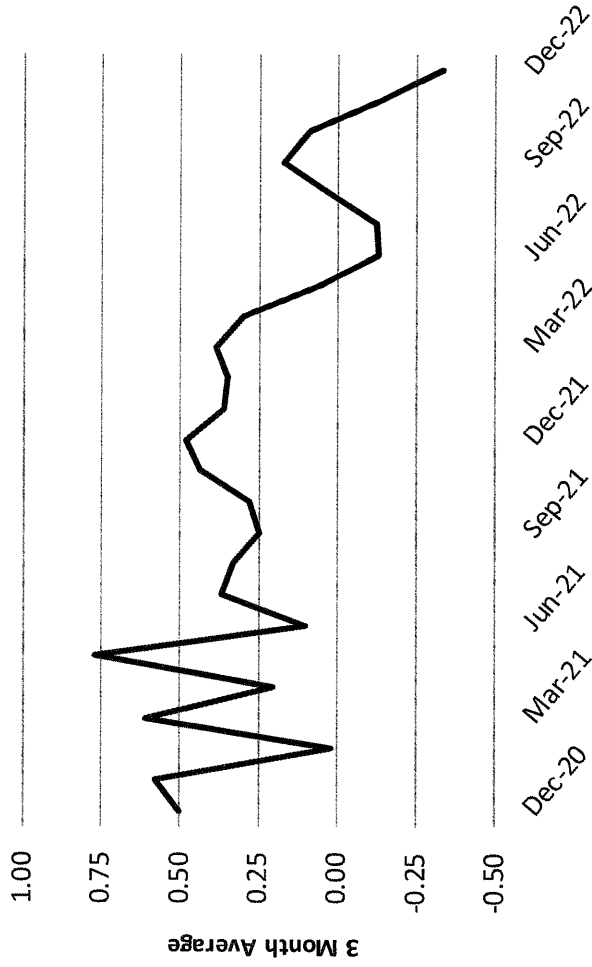
Economic Activity

Leading Economic Indicators (LEI)



Source: The Conference Board

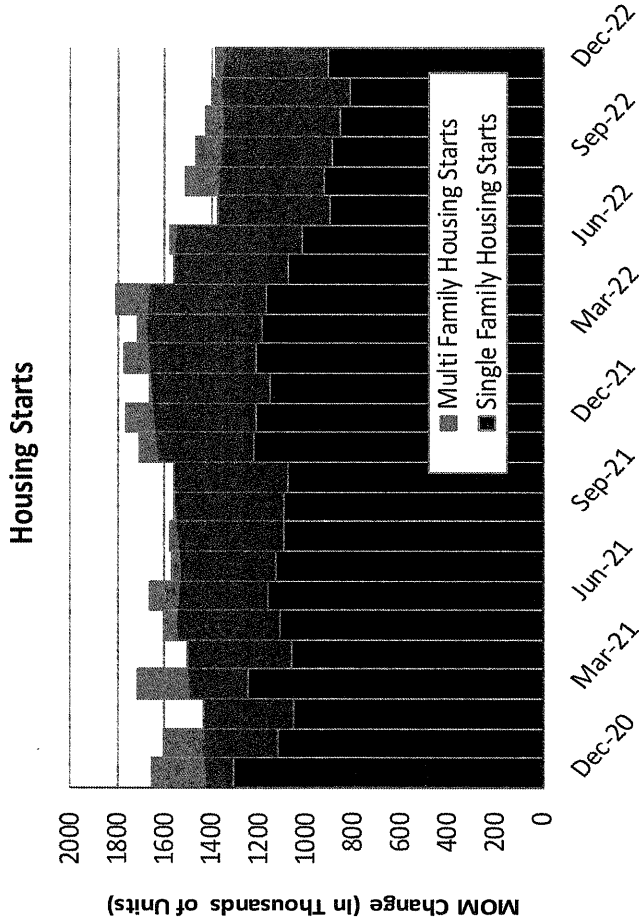
Chicago Fed National Activity Index (CFNAI)



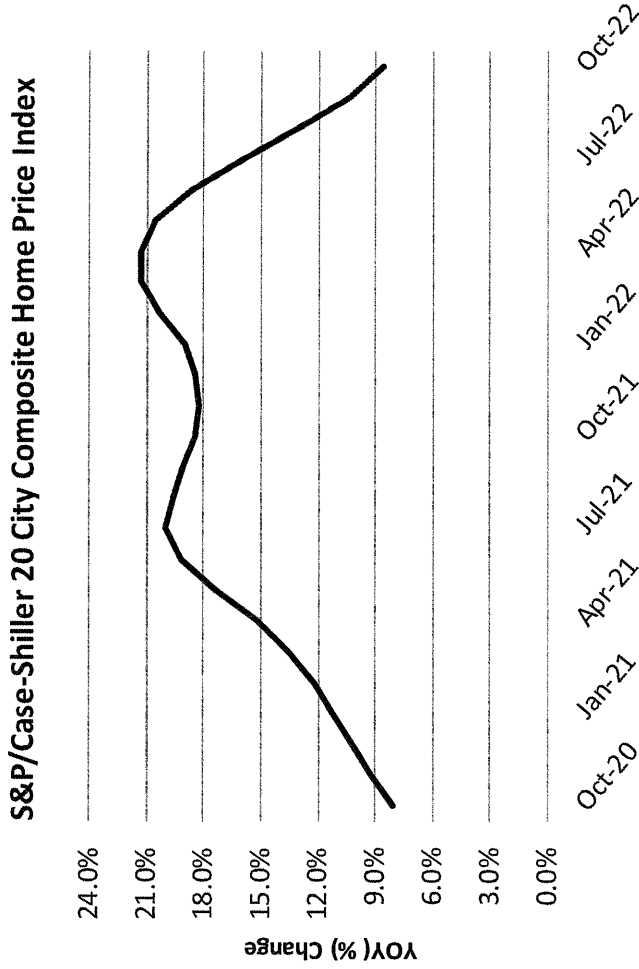
Source: Federal Reserve Bank of Chicago

The Conference Board's Leading Economic Index (LEI) remained in negative territory for the tenth consecutive month at a worse than expected -1.0% in December, following a downwardly revised -1.1% in November. The LEI was down 6.0% year-over-over in December versus down 4.7% in November. The Conference Board cited widespread deterioration in the components of the index. The Chicago Fed National Activity Index (CFNAI) increased to -0.49 in December from -0.51 in November continuing the below trend growth over the month. On a 3-month moving average basis, the CFNAI decreased to -0.33 in December from a downwardly revised -0.14 in November.

Housing



Source: US Department of Commerce

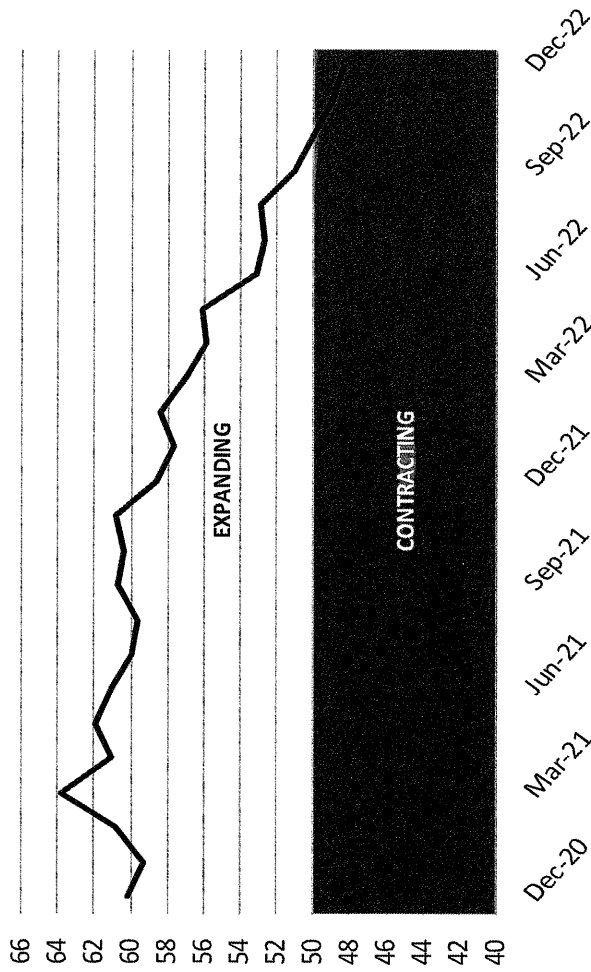


Source: S&P

Total housing starts fell 1.4% month-over-month in December to 1,382,000 units and were down 21.8% compared to December 2021. The dip was entirely due to a 19% decline in starts of multi-unit homes but was somewhat offset by an increase in starts of single-family homes as mortgage rates eased. The 30-year fixed rate mortgage has dropped to an average of 5.95% according to Freddie Mac, down from a peak of over 7% in November. According to the Case-Shiller 20-City Home Price Index, the year-over-year increase continued its declining rate of gain to +8.6% in October from +10.4% in September, clearly displaying the impact of higher mortgage rates year-over-year, which have reduced demand for homebuying as affordability has declined.

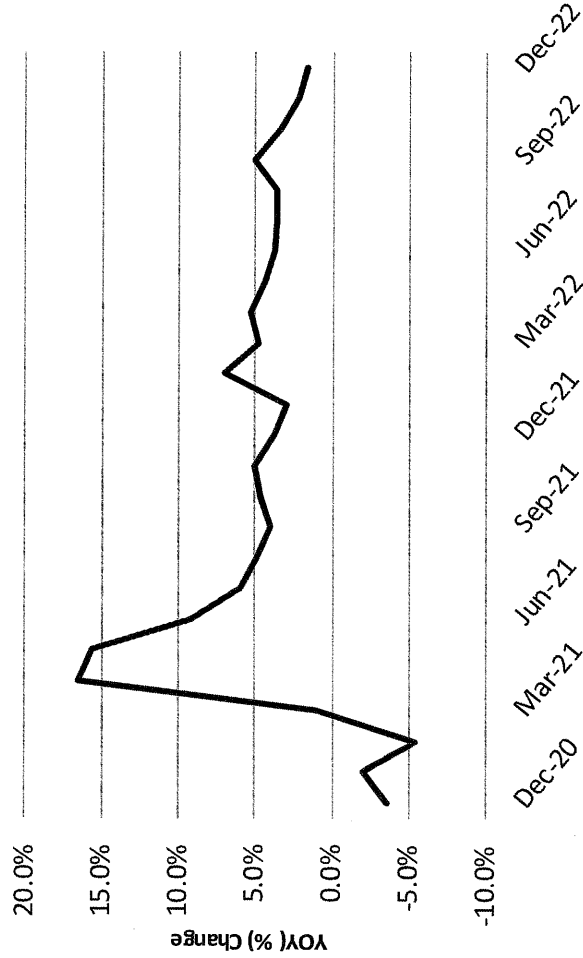
Manufacturing

Institute of Supply Management Purchasing Manager Index



Source: Institute for Supply Management

Industrial Production



Source: Federal Reserve

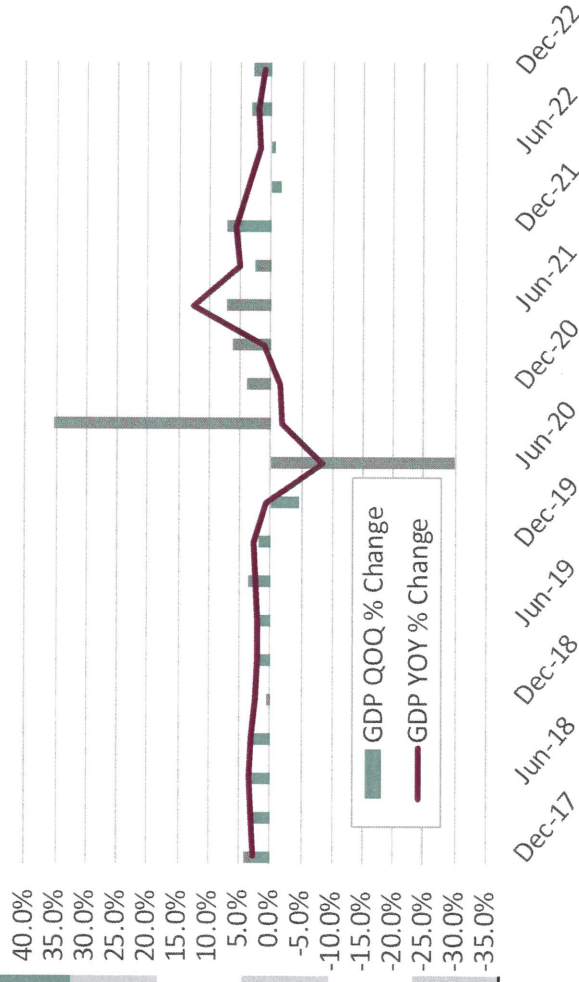
The Institute for Supply Management (ISM) manufacturing index declined to 48.4 in December from 49.0 in November. This is the second consecutive month of readings below 50.0, which is indicative of contraction in the manufacturing sector. The declining trend reflects sluggish demand amid economic uncertainty and easing price pressures in the goods sector. Industrial production fell 0.7% in December after a downward revision to -0.6% in November. The decrease was due to declines in production for manufacturing and mining, while utilities output rose sharply due to cold weather. This equates to a 1.65% increase from the prior year. Capacity utilization dropped to 78.8% in December from 79.4% in November and has fallen below the 1972-2021 average of 79.6%.

Gross Domestic Product (GDP)

Components of GDP	3/22	6/22	9/22	12/22
Personal Consumption Expenditures	0.9%	1.4%	1.5%	1.4%
Gross Private Domestic Investment	1.0%	-2.8%	-1.8%	0.3%
Net Exports and Imports	-3.1%	1.2%	2.9%	0.6%
Federal Government Expenditures	-0.4%	-0.2%	0.2%	0.4%
State and Local (Consumption and Gross Investment)	0.0%	-0.1%	0.4%	0.3%
Total	-1.6%	-0.6%	3.2%	2.9%

Source: US Department of Commerce

Gross Domestic Product (GDP)

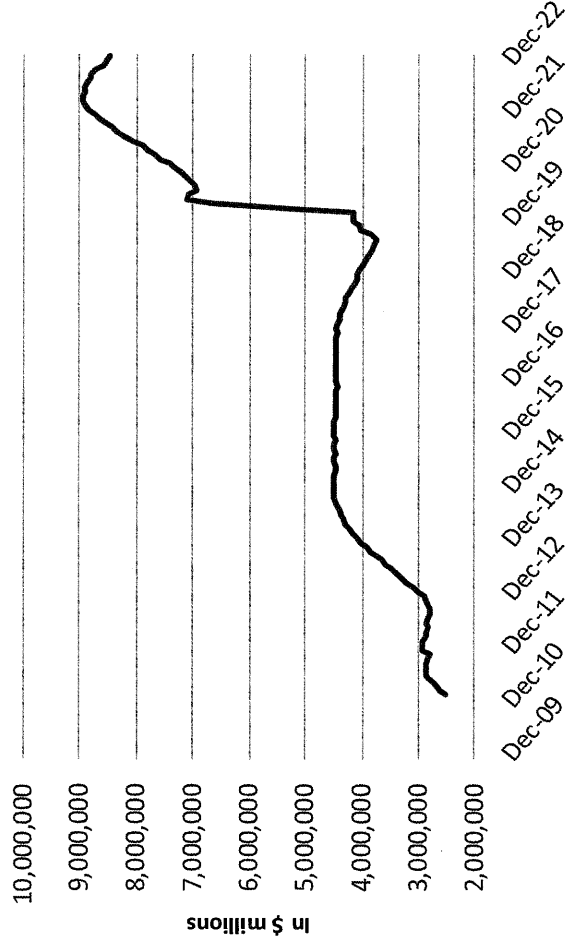


Source: US Department of Commerce

According to the advance estimate, fourth quarter GDP increased at an annualized rate of 2.9%, down from 3.2% in the third quarter. The headline growth was led by nondefense federal spending, offset by a strong decline in residential investment. The consensus estimate calls for 1.0% growth in the first quarter and 0.5% growth for the full year 2023.

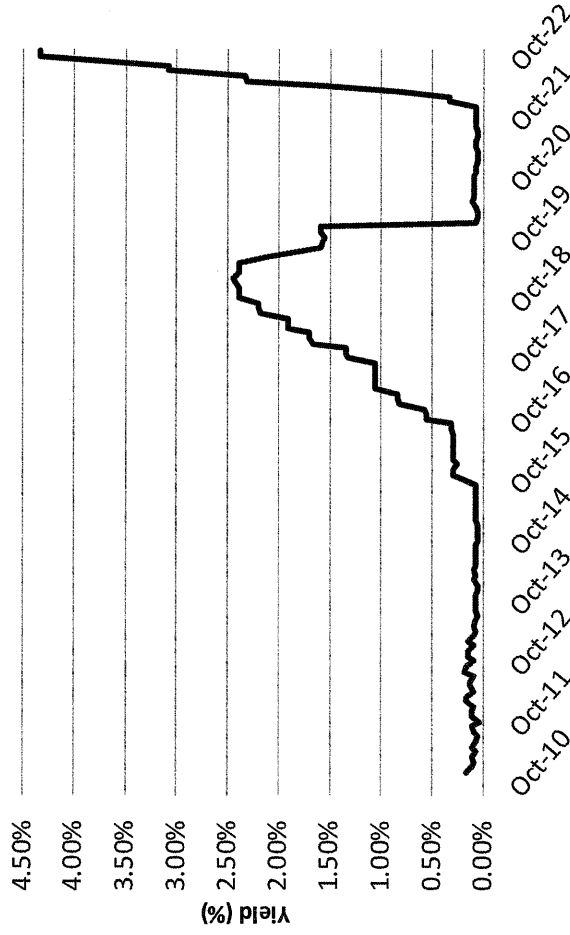
Federal Reserve

Federal Reserve Balance Sheet Assets



Source: Federal Reserve

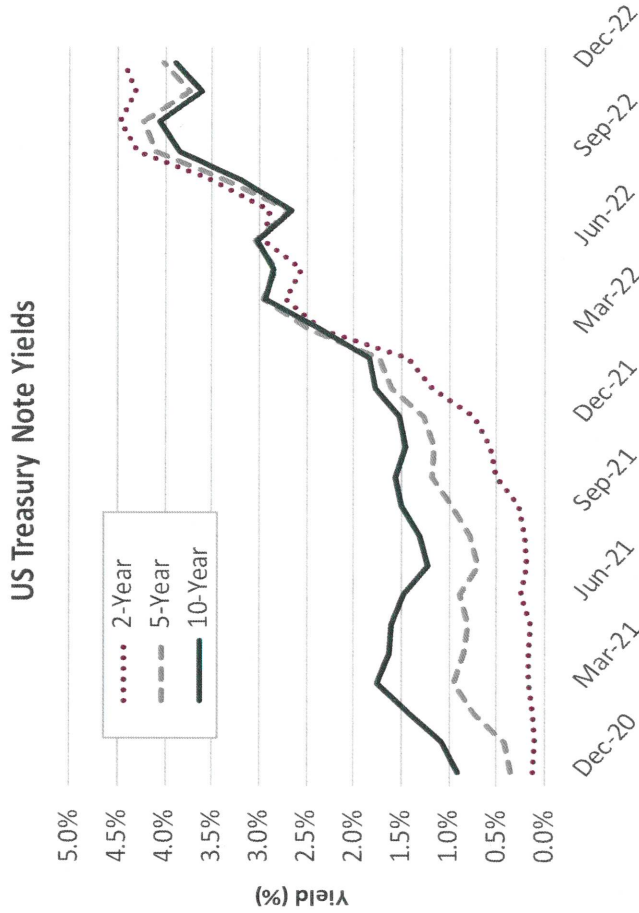
Effective Federal Funds Rate



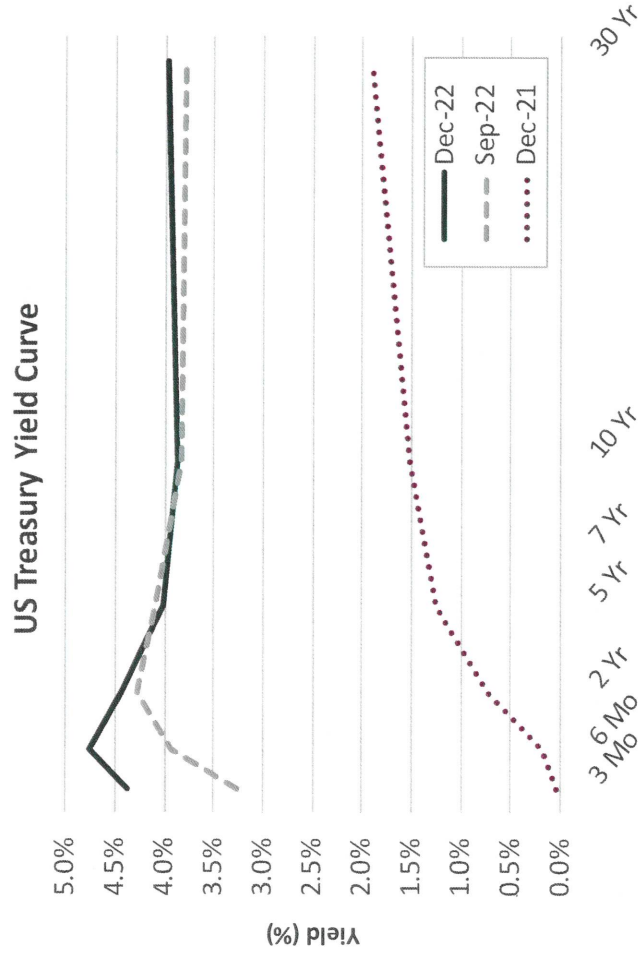
Source: Bloomberg

As expected at the December 14th meeting, the Federal Open Market Committee (FOMC) raised the fed funds target rate by 50 basis points to a range of 4.25 – 4.50%, in a downshift from four consecutive 75 basis point hikes. The decision was unanimous, and there was no change to the November statement. The sentiment was hawkish, indicating that “ongoing increases” in the fed funds rate are likely appropriate and citing continued labor market imbalances. The Summary of Economic Projections indicated a peak median forecast of 5.1% in 2023 and no rate cuts until 2024; however, the market consensus diverged, implying rate cuts in the second half of 2023. FOMC members forecasted a higher fed funds rate, slower GDP growth, higher inflation, and higher unemployment in 2023 than in the September projections. We believe the FOMC will continue to implement tighter monetary policy at a slower pace and hold rates at restrictive levels for some time until inflationary pressures subside and remain in the Fed’s target range.

Bond Yields



Source: Bloomberg



Source: Bloomberg

At the end of December, the 2-year Treasury yield was 370 basis points higher, and the 10-Year Treasury yield was about 237 basis points higher, year-over-year. The inversion between the 2-year Treasury yield and 10-year Treasury yield narrowed to -55 basis points at December month-end versus -71 basis points at November month-end. The average historical spread (since 2003) is about +130 basis points. The inversion between 3-month and 10-year treasuries narrowed to -50 basis points in December from -74 basis points in November. The shape of the yield curve indicates that the probability of recession is increasing.





Section 2 | Account Profile

Objectives

As of December 31, 2022

Investment Objectives

The investment objectives of the Upper San Gabriel Valley Municipal Water District are first, to provide safety of principal to ensure the preservation of capital in the overall portfolio; second, to provide sufficient liquidity to meet all disbursement requirements; and third, to earn an acceptable rate of return after first considering safety of principal and liquidity.

Chandler Asset Management Performance Objective

The performance objective for the portfolio is to earn a total rate of return through a market cycle that is equal to or above the return on the benchmark index.

Strategy

In order to achieve these objectives, the portfolio invests in high quality fixed income securities consistent with the investment policy and California Government Code.

Compliance

As of December 31, 2022

Upper San Gabriel Valley Municipal Water District

Assets managed by Chandler Asset Management are in full compliance with state law and with the District's investment policy.

Category	Standard	Comment
U.S. Treasuries	No limitation; 5 year max maturity	Complies
Federal Agencies	60% max for Federal Agency obligations that do not have a guarantee by the U.S. Government; No limitation for Federal Agencies guaranteed by the U.S. Government; 5 year maximum maturity	Complies
Supranational Obligations	"AA" rating category or higher by a NRSRO; 30% max; 10% max per issuer; USD denominated senior unsecured unsubordinated obligations; Issued or unconditionally guaranteed by IBRD, IFC, or IADB	Complies
Corporate Notes and Bonds	"A" rating category or better by a NRSRO for maturities 2 years or less; "AA" rated or better by a NRSRO for maturities greater than 2 years; 30% max; 5% max per issuer; Corporations organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state and operating within the U.S.; 5 years max maturity	Complies
Negotiable Certificates of Deposit	"F1" or higher rating by Fitch; 1 year maximum maturity; Credit requirements may be waived for any time deposit that is FDIC insured	Complies
Certificates of Deposit/ Time Deposits	"F1" or higher rating by Fitch; 1 year max maturity; Credit requirements may be waived for any time deposit that is FDIC insured	Complies
Local Agency Investment Fund (LAIF)	Maximum amount permitted by State Treasury policy	Complies
Local Government Investment Pools		Complies
Money Market Mutual Funds	Registered with SEC under Investment Company Act of 1940, provided that Funds meet either of the following criteria: (i) Highest rating by two NRSROs; or (ii) Retained an investment adviser registered or exempt from SEC registration with > 5 years experience managing money market mutual funds with AUM >\$500 million; 20% max in Money Market Funds	Complies
Maximum Maturity	5 years	Complies

Portfolio Characteristics

As of December 31, 2022

Upper San Gabriel Valley Municipal Water District

	12/31/22		09/30/22
	Benchmark*	Portfolio	Portfolio
Average Maturity (yrs)	1.34	1.35	1.40
Average Modified Duration	1.29	1.30	1.35
Average Purchase Yield	n/a	1.51%	1.32%
Average Market Yield	4.42%	4.56%	4.15%
Average Quality**	AAA	AA+/Aaa	AA+/Aaa
Total Market Value		5,055,595	5,019,940

*ICE BofA 0-3 Yr US Treasury Index

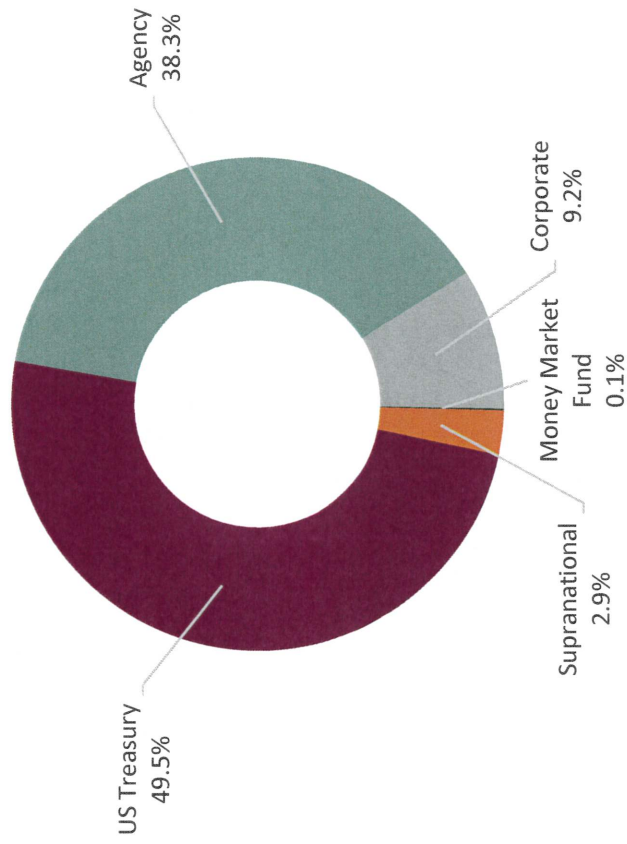
**Benchmark is a blended rating of S&P, Moody's, and Fitch. Portfolio is S&P and Moody's respectively.

Sector Distribution

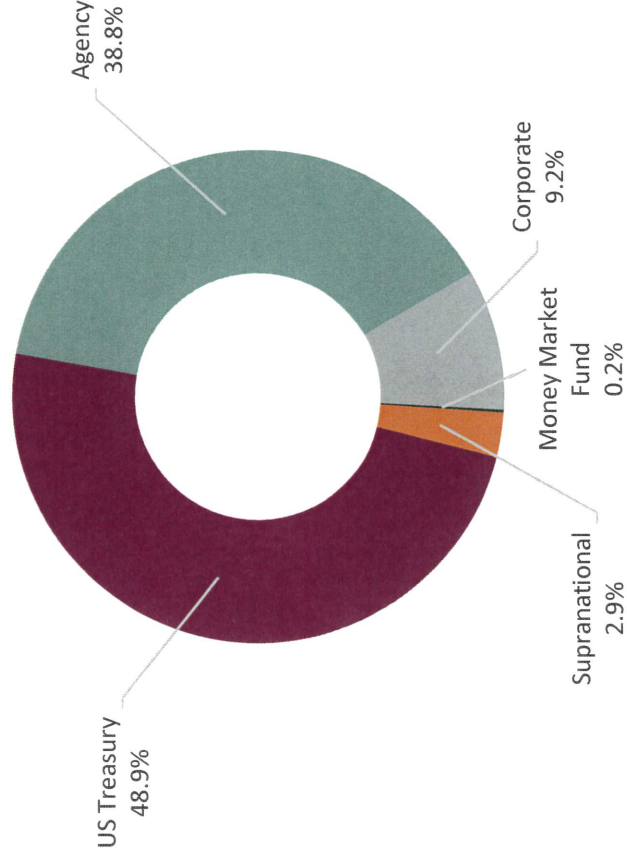
As of December 31, 2022

Upper San Gabriel Valley Municipal Water District

December 31, 2022



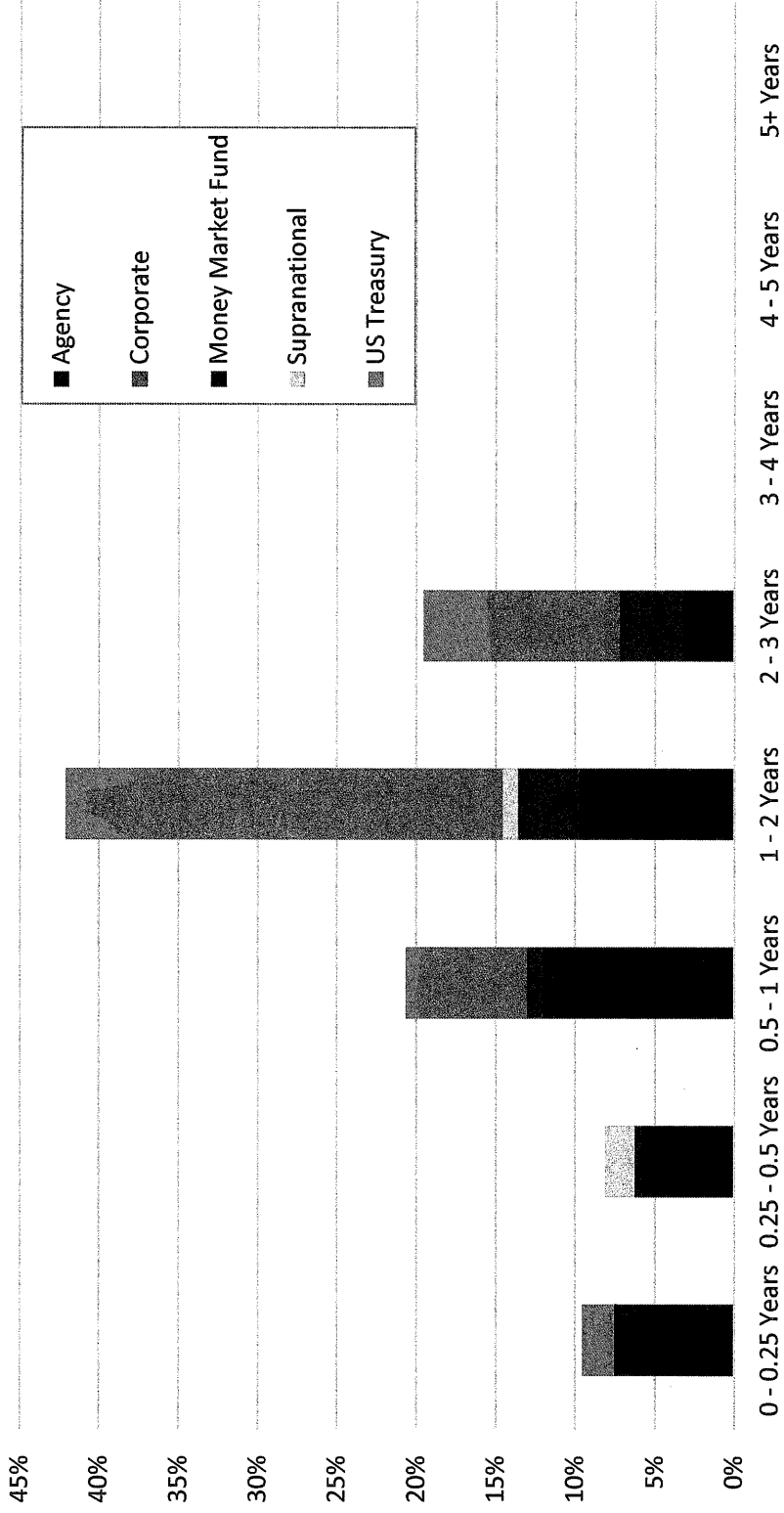
September 30, 2022



Duration Allocation

As of December 31, 2022

Upper San Gabriel Valley Municipal Water District



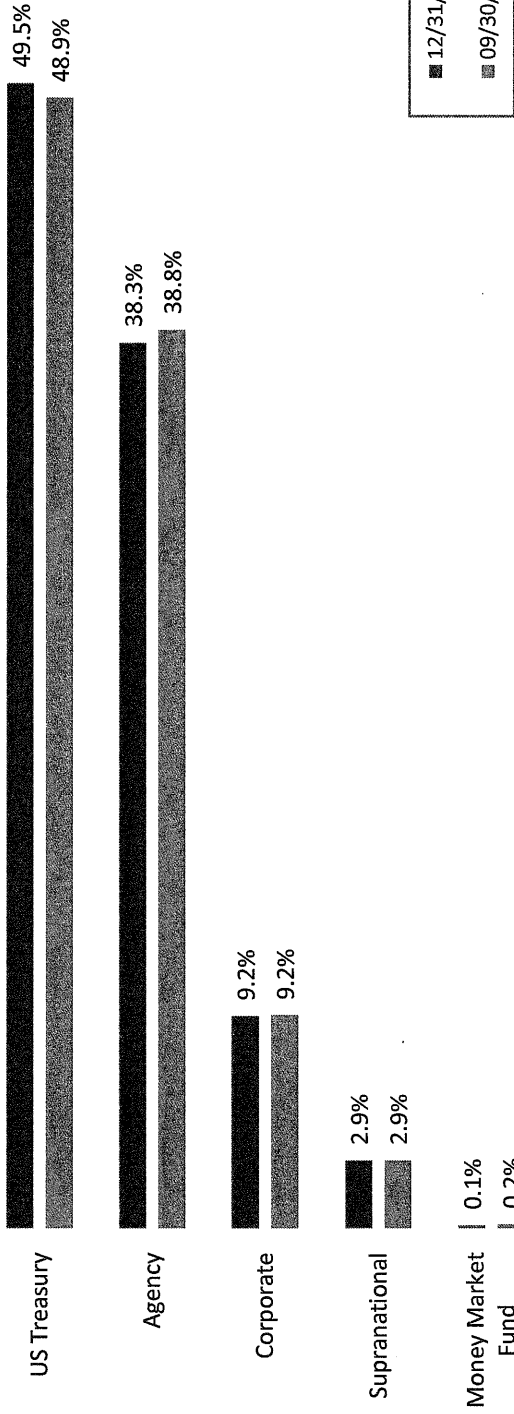
12/31/22	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
	9.5%	8.2%	20.6%	42.1%	19.6%	0.0%	0.0%	0.0%

Portfolio Allocation & Duration Changes

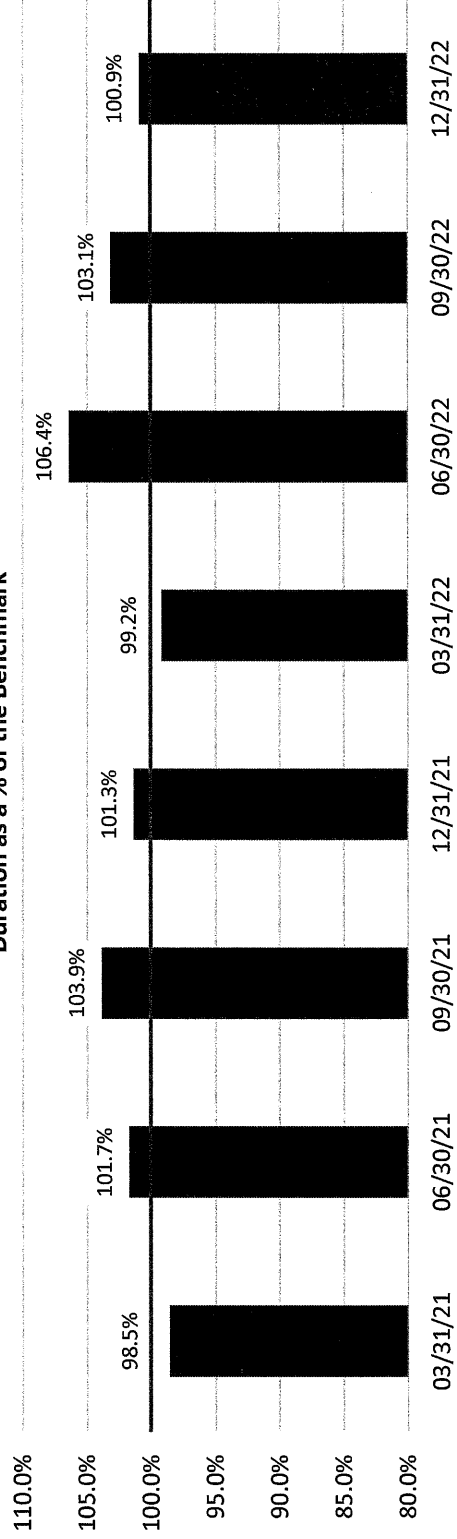
Upper San Gabriel Valley Municipal Water District

As of December 31, 2022

Portfolio Allocation



Duration as a % of the Benchmark

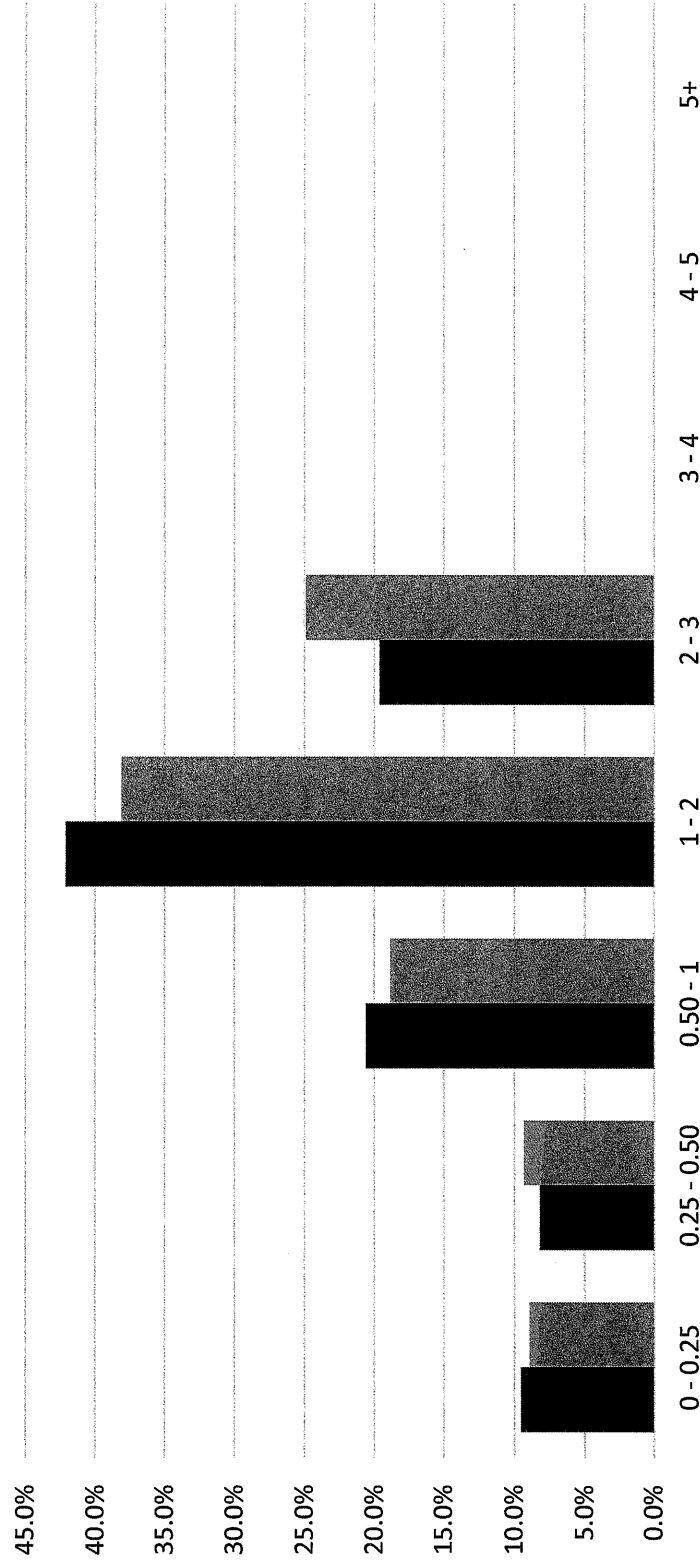


Benchmark: ICE BofA 0-3 Yr US Treasury Index

Duration Distribution

As of December 31, 2022

Upper San Gabriel Valley Municipal Water District Portfolio Compared to the Benchmark



■ Upper San Gabriel Valley Municipal Water District ■ ICE BofA 0-3 Yr US Treasury Index

	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
Portfolio	9.5%	8.2%	20.6%	42.1%	19.6%	0.0%	0.0%	0.0%
Benchmark*	8.9%	9.3%	18.8%	38.1%	24.9%	0.0%	0.0%	0.0%

*ICE BofA 0-3 Yr US Treasury Index

Issuers

As of December 31, 2022

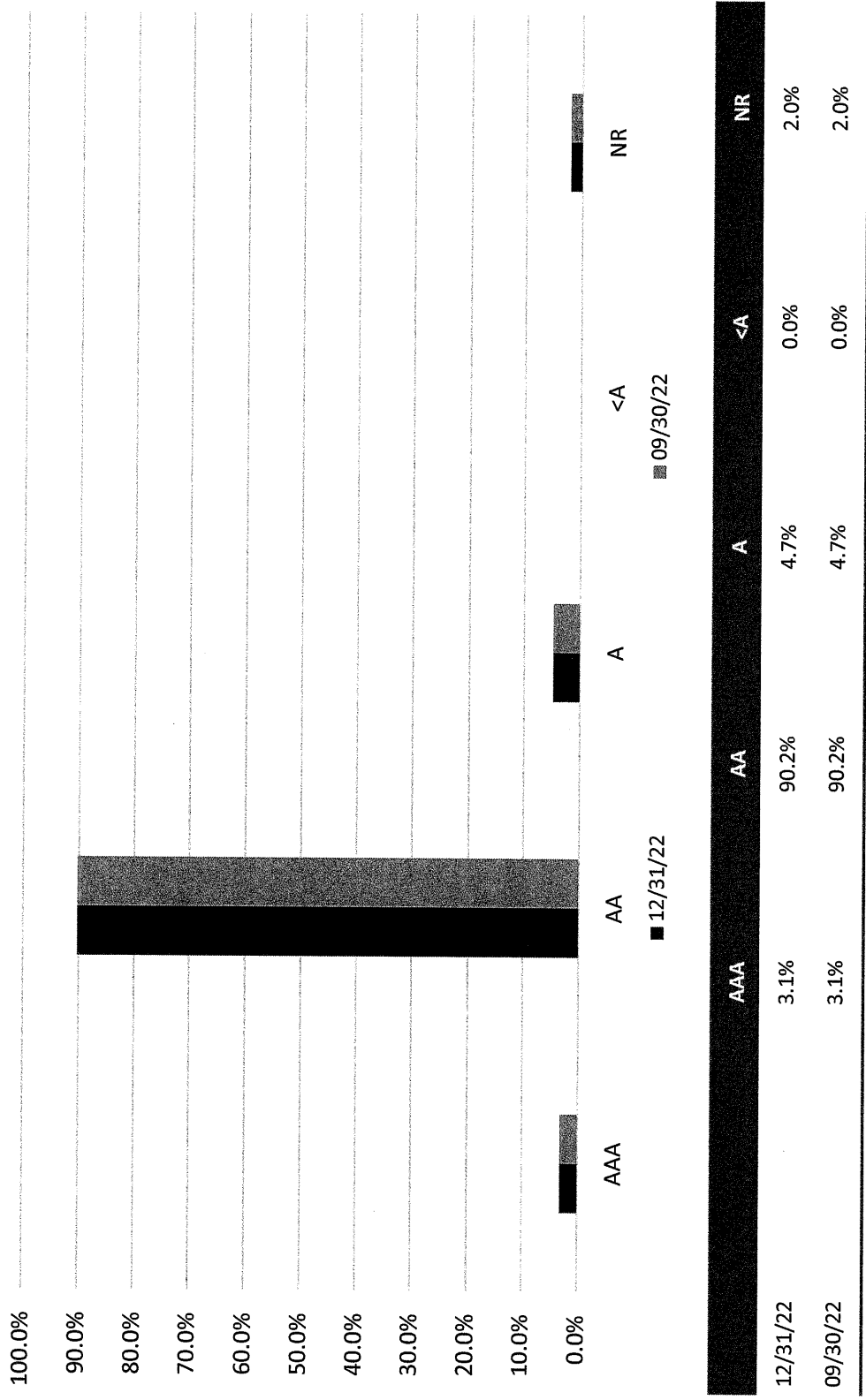
Upper San Gabriel Valley Municipal Water District – Account #10214

Issue Name	Investment Type	% Portfolio
Government of United States	US Treasury	49.49%
Federal Farm Credit Bank	Agency	13.09%
Federal Home Loan Mortgage Corp	Agency	11.34%
Federal Home Loan Bank	Agency	10.45%
Federal National Mortgage Association	Agency	3.40%
Inter-American Dev Bank	Supranational	2.93%
Wal-Mart Stores	Corporate	1.28%
Bank of New York	Corporate	1.26%
Paccar Financial	Corporate	1.16%
BlackRock Inc/New York	Corporate	0.98%
Apple Inc	Corporate	0.96%
Caterpillar Inc	Corporate	0.96%
Deere & Company	Corporate	0.95%
Amazon.com Inc	Corporate	0.75%
Colgate-Palmolive Co.	Corporate	0.49%
Toyota Motor Corp	Corporate	0.39%
First American Govt Oblig Fund	Money Market Fund	0.13%
TOTAL		100.00%

Quality Distribution

As of December 31, 2022

Upper San Gabriel Valley Municipal Water District December 31, 2022 vs. September 30, 2022

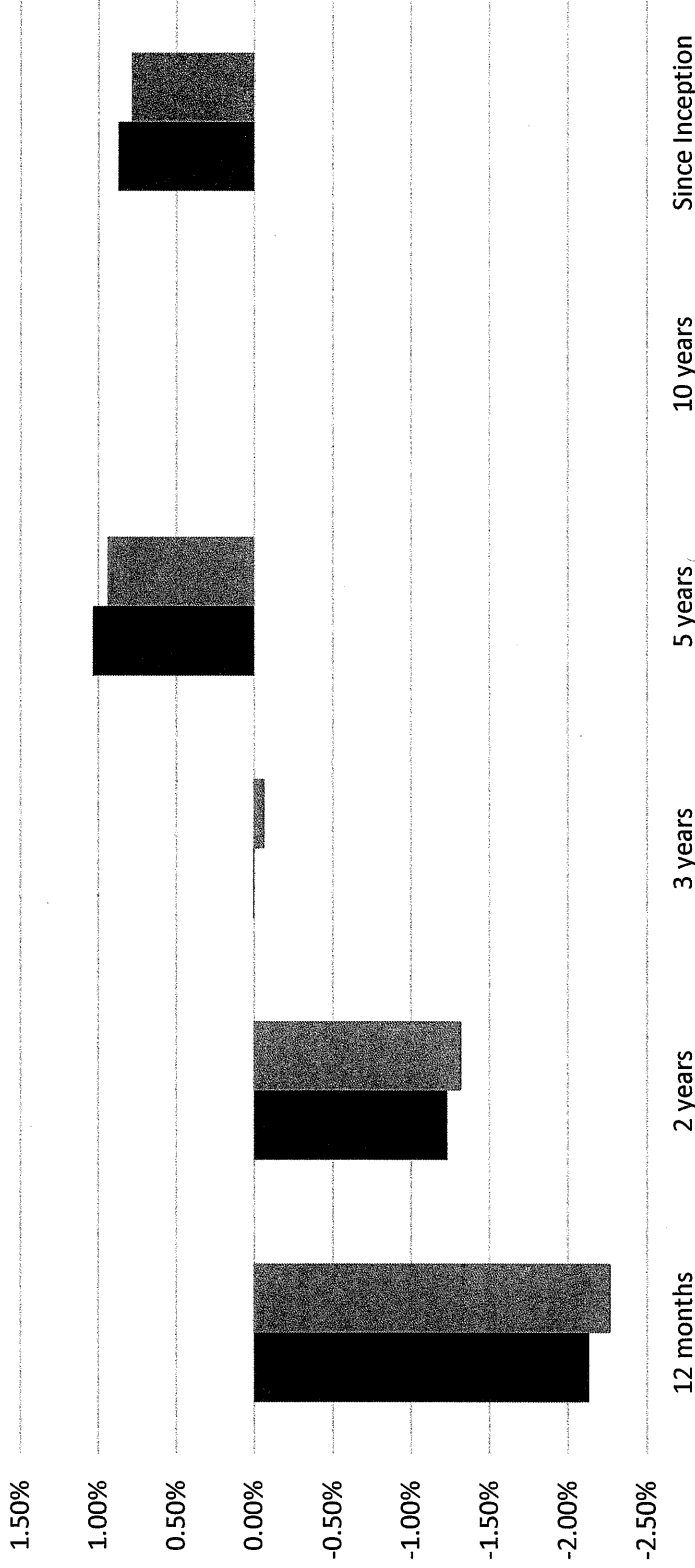


Source: S&P Ratings

Investment Performance

As of December 31, 2022

Upper San Gabriel Valley Municipal Water District Total Rate of Return Annualized Since Inception May 31, 2014



■ Upper San Gabriel Valley Municipal Water District ■ ICE BofA 0-3 Yr US Treasury Index*

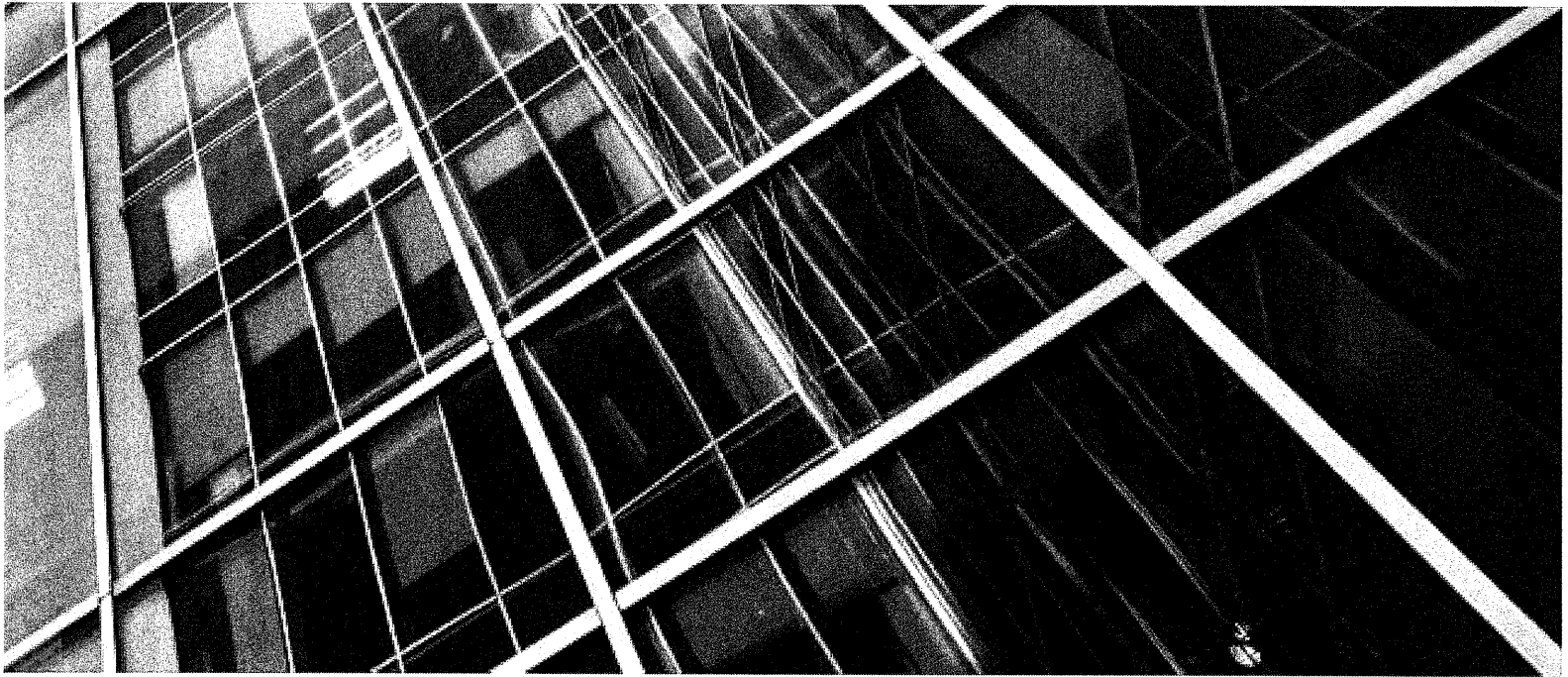
Annualized

TOTAL RATE OF RETURN

	3 months	12 months	2 years	3 years	5 years	10 years	Since Inception
Upper San Gabriel Valley Municipal Water District	0.75%	-2.14%	-1.23%	0.00%	1.03%	N/A	0.87%
ICE BofA 0-3 Yr US Treasury Index*	0.78%	-2.27%	-1.32%	-0.07%	0.94%	N/A	0.79%

*ICE BofA 1-3 Yr US Treasury & Agency Index to 3/31/19

Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.



Section 3 | Portfolio Holdings

Holdings Report

As of December 31, 2022

Upper San Gabriel Valley Municipal Water District - Account #10214

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
3133ELJH8	FFCB Note 1.600% Due 01/23/2023	100,000.00	03/03/2020 0.78%	102,332.00 100,048.63	99.87 3.65%	99,873.46 702.22	1.99% (175.17)	Aaa / AA+ AAA	0.06 0.06
3133EMPH9	FFCB Note 0.125% Due 02/03/2023	80,000.00	01/26/2021 0.15%	79,955.20 79,997.97	99.63 4.30%	79,704.33 41.11	1.58% (293.64)	Aaa / AA+ AAA	0.09 0.09
313382AX1	FHLB Note 2.125% Due 03/10/2023	195,000.00	Various 0.72%	203,061.40 195,503.09	99.56 4.39%	194,149.86 1,277.66	3.87% (1,353.23)	Aaa / AA+ AAA	0.19 0.19
3137EAER6	FHLMC Note 0.375% Due 05/05/2023	95,000.00	05/05/2020 0.39%	94,960.10 94,995.47	98.62 4.45%	93,685.93 55.42	1.85% (1,309.54)	Aaa / AA+ AAA	0.34 0.34
3135G04Q3	FNMA Note 0.250% Due 05/22/2023	105,000.00	05/20/2020 0.35%	104,683.95 104,959.30	98.33 4.59%	103,248.17 28.44	2.04% (1,711.13)	Aaa / AA+ AAA	0.39 0.38
3137EAES4	FHLMC Note 0.250% Due 06/26/2023	100,000.00	09/24/2020 0.23%	100,044.00 100,007.71	97.94 4.59%	97,935.50 3.47	1.94% (2,072.21)	Aaa / AA+ AAA	0.48 0.48
3135G05G4	FNMA Note 0.250% Due 07/10/2023	70,000.00	07/08/2020 0.32%	69,849.50 69,973.89	97.65 4.83%	68,358.47 83.13	1.35% (1,615.42)	Aaa / AA+ AAA	0.52 0.51
3137EAEV7	FHLMC Note 0.250% Due 08/24/2023	95,000.00	08/19/2020 0.28%	94,903.10 94,979.26	97.09 4.87%	92,233.96 83.78	1.83% (2,745.30)	Aaa / AA+ AAA	0.65 0.63
3133ENJ68	FFCB Note 3.250% Due 09/01/2023	100,000.00	08/29/2022 3.44%	99,810.00 99,873.51	99.04 4.73%	99,038.39 1,083.33	1.98% (835.12)	Aaa / NR AAA	0.67 0.64
3137EAEW5	FHLMC Note 0.250% Due 09/08/2023	65,000.00	09/02/2020 0.26%	64,978.55 64,995.12	96.99 4.76%	63,044.20 51.01	1.25% (1,950.92)	Aaa / AA+ AAA	0.69 0.67
3137EAEY1	FHLMC Note 0.125% Due 10/16/2023	80,000.00	10/14/2020 0.25%	79,701.60 79,921.52	96.45 4.75%	77,159.00 20.83	1.53% (2,762.52)	Aaa / AA+ AAA	0.79 0.77
3137EA EZ8	FHLMC Note 0.250% Due 11/06/2023	105,000.00	11/03/2020 0.28%	104,905.50 104,973.36	96.20 4.88%	101,014.91 40.10	2.00% (3,958.45)	Aaa / AA+ AAA	0.85 0.83
3137EAFA2	FHLMC Note 0.250% Due 12/04/2023	50,000.00	12/02/2020 0.28%	49,950.50 49,984.77	95.86 4.88%	47,929.69 9.38	0.95% (2,055.08)	Aaa / AA+ AAA	0.93 0.90
3130AT7D3	FHLB Note 3.500% Due 12/08/2023	60,000.00	09/27/2022 4.51%	59,307.54 59,458.42	98.73 4.90%	59,240.64 134.17	1.17% (217.78)	Aaa / AA+ NR	0.94 0.91
3133EMIRZ7	FFCB Note 0.250% Due 02/26/2024	85,000.00	02/22/2021 0.26%	84,969.40 84,988.24	95.07 4.69%	80,809.47 73.78	1.60% (4,178.77)	Aaa / AA+ AAA	1.16 1.12
3130A0XE5	FHLB Note 3.250% Due 03/08/2024	70,000.00	06/13/2022 3.23%	70,016.80 70,011.47	98.21 4.81%	68,750.24 714.10	1.37% (1,261.23)	Aaa / AA+ NR	1.19 1.13
3130ASD55	FHLB Note 2.750% Due 06/28/2024	60,000.00	06/09/2022 2.87%	59,860.80 59,898.90	97.29 4.65%	58,374.47 13.75	1.15% (1,524.43)	Aaa / AA+ NR	1.49 1.44

Holdings Report

As of December 31, 2022

Upper San Gabriel Valley Municipal Water District - Account #10214

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
3130ATT31	FHLB Note 4.500% Due 10/03/2024	75,000.00	10/27/2022 4.56%	74,918.25 74,925.78	99.93 4.54%	74,949.26 590.63	1.49% 23.48	Aaa / AA+	NR 1.66
3133ENS43	FFCB Note 4.375% Due 10/17/2024	100,000.00	10/11/2022 4.44%	99,875.00 99,888.00	99.67 4.56%	99,674.36 899.31	1.99% (213.64)	Aaa / AA+	AAA 1.69
3130AQF40	FHLB Note 1.000% Due 12/20/2024	75,000.00	12/21/2021 1.03%	74,934.00 74,956.62	93.42 4.53%	70,065.85 22.92	1.39% (4,890.77)	Aaa / AA+	AAA 1.91
3133ENK58	FFCB Note 1.125% Due 01/06/2025	40,000.00	01/06/2022 1.20%	39,910.00 39,939.29	93.49 4.55%	37,394.78 218.75	0.74% (2,544.51)	Aaa / AA+	AAA 2.02
3133ENPG9	FFCB Note 1.750% Due 02/14/2025	70,000.00	02/10/2022 1.84%	69,813.10 69,867.72	95.02 4.23%	66,517.40 466.18	1.32% (3,350.32)	Aaa / AA+	AAA 2.13
3133ENPY0	FFCB Note 1.750% Due 02/25/2025	100,000.00	03/09/2022 1.90%	99,578.00 99,693.45	94.51 4.45%	94,514.38 612.50	1.88% (5,179.07)	Aaa / AA+	AAA 2.16
TOTAL Agency		1,975,000.00	1.38%	1,982,318.29 1,973,841.49	4.56%	1,927,666.72 7,225.97	38.27% (46,174.77)	Aaa / AA+ AAA	0.91 0.88

Corporate

89236TJD8	Toyota Motor Credit Corp Note 0.400% Due 04/06/2023	20,000.00	04/06/2021 0.44%	19,983.80 19,997.88	98.89 4.65%	19,778.19 18.89	0.39% (219.69)	A1 / A+	A+ 0.26
14913R255	Caterpillar Financial Service Note 0.950% Due 01/10/2024	50,000.00	01/14/2022 1.07%	49,886.00 49,940.87	96.49 4.49%	48,246.60 225.63	0.96% (1,694.27)	A2 / A	A 1.03
24422ENV6	John Deere Capital Corp Note 0.450% Due 01/17/2024	50,000.00	03/09/2022 1.98%	48,619.50 49,223.09	95.64 4.78%	47,819.89 102.50	0.95% (1,403.20)	A2 / A	A 1.05
09247XAL5	Blackrock Inc Note 3.500% Due 03/18/2024	50,000.00	05/11/2022 2.82%	50,606.50 50,397.15	98.40 4.87%	49,198.96 500.69	0.98% (1,198.19)	Aa3 / AA-	NR 1.21
023135BW5	Amazon.com Inc Note 0.450% Due 05/12/2024	40,000.00	05/10/2021 0.50%	39,941.60 39,973.52	94.22 4.88%	37,689.92 24.50	0.75% (2,283.60)	A1 / AA	AA- 1.36
69371RR81	Paccar Financial Corp Note 3.150% Due 06/13/2024	60,000.00	06/06/2022 3.16%	59,986.20 59,990.01	97.68 4.82%	58,608.55 94.50	1.16% (1,381.46)	A1 / A+	NR 1.39
037833BG4	Apple Inc Note 3.200% Due 05/13/2025	50,000.00	05/11/2022 3.02%	50,260.50 50,205.12	96.70 4.69%	48,351.50 213.33	0.96% (1,853.62)	Aaa / AA+	NR 2.24
06406RBF3	Bank of NY Mellon Corp Callable Note Cont 6/13/2024 3.430% Due 06/13/2025	65,000.00	06/08/2022 3.43%	65,000.00 65,000.00	97.81 4.79%	63,573.86 111.48	1.26% (1,426.14)	A1 / A	AA- 2.45
194162AM5	Colgate Palmolive Co. Note 3.100% Due 08/15/2025	25,000.00	08/01/2022 3.13%	24,977.00 24,980.03	96.96 4.34%	24,239.13 305.69	0.49% (740.90)	Aa3 / AA-	NR 2.62



Holdings Report

As of December 31, 2022

Upper San Gabriel Valley Municipal Water District - Account #10214

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
931142EW9	Wal-Mart Stores Note 3.900% Due 09/09/2025	65,000.00	Various 3.84%	65,103.50 65,092.73	98.48 4.50%	64,013.13 788.67	1.28% (1,079.60)	Aa2 / AA AA	2.69 2.49
TOTAL Corporate		475,000.00	2.56%	474,364.60 474,800.40	4.70%	461,519.73 2,385.88	9.18% (13,280.67)	A1 / AA- A+	1.75 1.66
Money Market Fund									
31846V203	First American Govt Obligation Fund Class Y	6,572.97	Various 3.79%	6,572.97 6,572.97	1.00 3.79%	6,572.97 0.00	0.13% 0.00	Aaa / AAA AAA	0.00 0.00
TOTAL Money Market Fund		6,572.97	3.79%	6,572.97 6,572.97	3.79%	6,572.97 0.00	0.13% 0.00	Aaa / AAA AAA	0.00 0.00
Supranational									
4581X0DM7	Inter-American Dev Bank Note 0.500% Due 05/24/2023	100,000.00	08/11/2022 3.21%	97,944.00 98,957.42	98.37 4.66%	98,374.99 51.39	1.95% (582.43)	Aaa / AAA NR	0.39 0.39
4581X0EE4	Inter-American Dev Bank Note 3.250% Due 07/01/2024	50,000.00	06/22/2022 3.26%	49,995.00 49,996.26	97.85 4.75%	48,924.15 812.50	0.98% (1,072.11)	Aaa / AAA AAA	1.50 1.42
TOTAL Supranational		150,000.00	3.22%	147,939.00 148,953.68	4.69%	147,299.14 863.89	2.93% (1,654.54)	Aaa / AAA AAA	0.77 0.74
US Treasury									
9128284D9	US Treasury Note 2.500% Due 03/31/2023	100,000.00	07/25/2022 3.05%	99,628.91 99,866.83	99.53 4.39%	99,531.00 638.74	1.98% (335.83)	Aaa / AA+ AAA	0.25 0.24
91282CAK7	US Treasury Note 0.125% Due 09/15/2023	100,000.00	05/28/2021 0.19%	99,855.47 99,955.78	96.86 4.70%	96,863.30 37.29	1.92% (3,092.48)	Aaa / AA+ AAA	0.71 0.69
91282CAP6	US Treasury Note 0.125% Due 10/15/2023	100,000.00	11/09/2020 0.24%	99,660.16 99,908.76	96.47 4.74%	96,472.70 26.79	1.91% (3,436.06)	Aaa / AA+ AAA	0.79 0.77
91282CAW1	US Treasury Note 0.250% Due 11/15/2023	100,000.00	06/17/2021 0.29%	99,906.25 99,966.12	96.16 4.80%	96,156.20 32.46	1.90% (3,809.92)	Aaa / AA+ AAA	0.87 0.85
91282CBA8	US Treasury Note 0.125% Due 12/15/2023	100,000.00	12/17/2020 0.19%	99,816.41 99,941.33	95.79 4.68%	95,793.00 5.84	1.89% (4,148.33)	Aaa / AA+ AAA	0.96 0.93
91282CBE0	US Treasury Note 0.125% Due 01/15/2024	100,000.00	01/12/2021 0.24%	99,644.53 99,876.97	95.37 4.74%	95,371.10 57.74	1.89% (4,505.87)	Aaa / AA+ AAA	1.04 1.02
91282CBM2	US Treasury Note 0.125% Due 02/15/2024	100,000.00	02/16/2021 0.20%	99,761.72 99,910.62	95.03 4.71%	95,031.20 47.21	1.88% (4,879.42)	Aaa / AA+ AAA	1.13 1.10
91282CBR1	US Treasury Note 0.250% Due 03/15/2024	100,000.00	03/10/2021 0.33%	99,769.53 99,907.69	94.84 4.71%	94,839.80 74.59	1.88% (5,067.89)	Aaa / AA+ AAA	1.21 1.17

Holdings Report

As of December 31, 2022

Upper San Gabriel Valley Municipal Water District - Account #10214

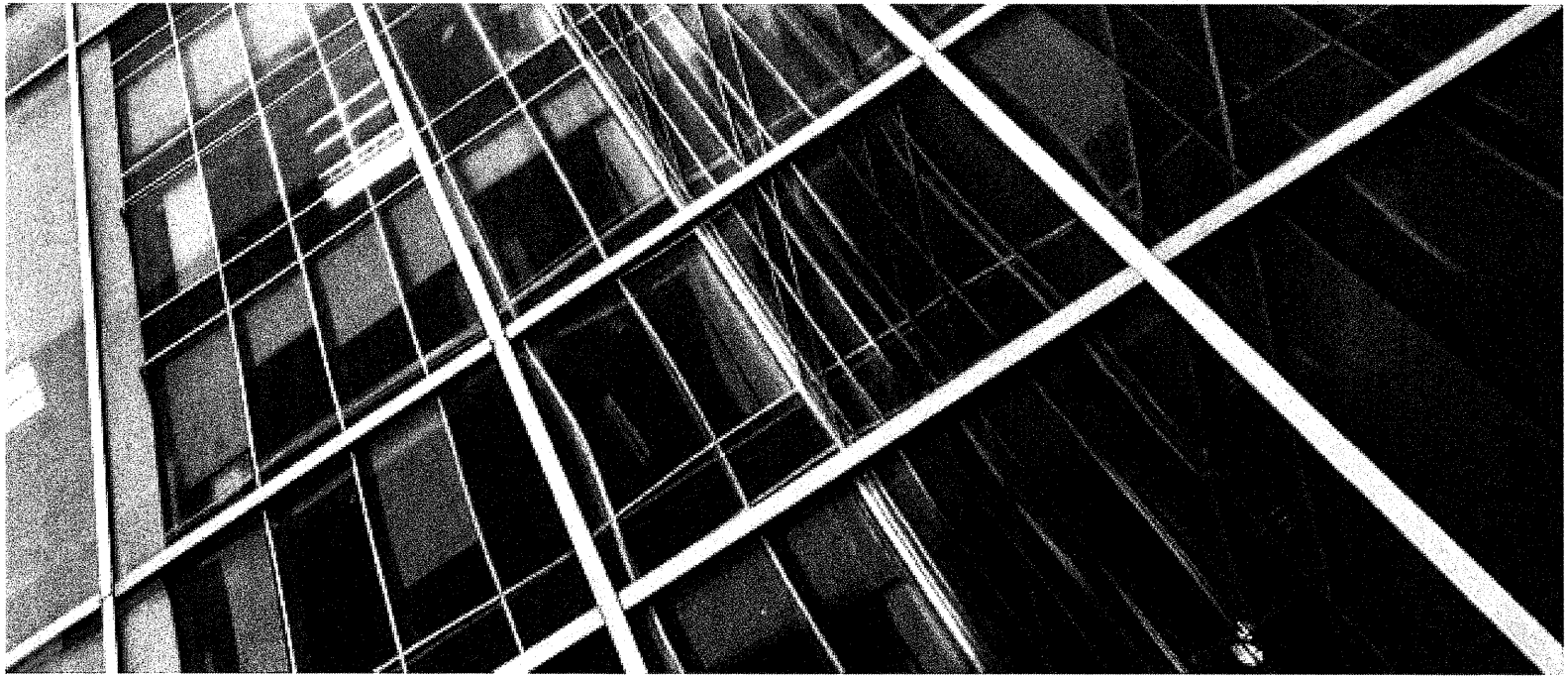
CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
91282CBV2	US Treasury Note 0.375% Due 04/15/2024	100,000.00	04/14/2021 0.36%	100,035.16 100,015.08	94.66 4.69%	94,664.10 80.36	1.87% (5,350.98)	Aaa / AA+ AAA	1.29 1.26
91282CCC3	US Treasury Note 0.250% Due 05/15/2024	100,000.00	05/12/2021 0.35%	99,707.03 99,866.10	94.16 4.69%	94,160.20 32.46	1.86% (5,705.90)	Aaa / AA+ AAA	1.37 1.34
91282CCG4	US Treasury Note 0.250% Due 06/15/2024	100,000.00	06/09/2021 0.31%	99,820.31 99,912.94	93.89 4.64%	93,890.60 11.68	1.86% (6,022.34)	Aaa / AA+ AAA	1.46 1.42
91282CCL3	US Treasury Note 0.375% Due 07/15/2024	100,000.00	07/13/2021 0.42%	99,863.28 99,930.02	93.71 4.65%	93,714.80 173.23	1.86% (6,215.22)	Aaa / AA+ AAA	1.54 1.50
91282CE4	US Treasury Note 1.250% Due 08/31/2024	100,000.00	08/05/2021 0.39%	102,605.47 101,413.14	94.72 4.58%	94,718.80 424.72	1.88% (6,694.34)	Aaa / AA+ AAA	1.67 1.61
91282CCX7	US Treasury Note 0.375% Due 09/15/2024	100,000.00	09/10/2021 0.44%	99,804.69 99,888.98	93.25 4.53%	93,253.90 111.88	1.85% (6,635.08)	Aaa / AA+ AAA	1.71 1.66
91282CDB4	US Treasury Note 0.625% Due 10/15/2024	100,000.00	10/14/2021 0.63%	99,992.19 99,995.35	93.44 4.48%	93,441.40 133.93	1.85% (6,553.95)	Aaa / AA+ AAA	1.79 1.74
912828YM6	US Treasury Note 1.500% Due 10/31/2024	100,000.00	09/23/2021 0.52%	103,003.91 101,773.71	94.80 4.49%	94,796.90 256.91	1.88% (6,976.81)	Aaa / AA+ AAA	1.84 1.77
91282GDH1	US Treasury Note 0.750% Due 11/15/2024	100,000.00	11/29/2021 0.81%	99,816.41 99,883.83	93.39 4.47%	93,390.60 97.38	1.85% (6,493.23)	Aaa / AA+ AAA	1.88 1.82
912828YV6	US Treasury Note 1.500% Due 11/30/2024	75,000.00	09/29/2021 0.57%	77,188.48 76,322.17	94.68 4.43%	71,009.78 98.90	1.41% (5,312.39)	Aaa / AA+ AAA	1.92 1.85
91282CDN8	US Treasury Note 1.000% Due 12/15/2024	100,000.00	12/09/2021 1.00%	100,003.91 100,002.55	93.65 4.42%	93,652.30 46.70	1.85% (6,350.25)	Aaa / AA+ AAA	1.96 1.90
91282GDS7	US Treasury Note 1.125% Due 01/15/2025	100,000.00	03/16/2022 2.06%	97,437.50 98,155.50	93.64 4.42%	93,636.70 519.70	1.86% (4,518.80)	Aaa / AA+ AAA	2.04 1.97
912828ZF0	US Treasury Note 0.500% Due 03/31/2025	100,000.00	04/04/2022 2.63%	93,921.88 95,431.66	91.91 4.31%	91,914.10 127.75	1.82% (3,517.56)	Aaa / AA+ AAA	2.25 2.19
91282CEH0	US Treasury Note 2.625% Due 04/15/2025	100,000.00	04/27/2022 2.72%	99,738.28 99,798.21	96.31 4.33%	96,312.50 562.50	1.92% (3,485.71)	Aaa / AA+ AAA	2.29 2.18
91282CEQ0	US Treasury Note 2.750% Due 05/15/2025	100,000.00	06/01/2022 2.84%	99,738.28 99,789.99	96.50 4.32%	96,500.00 357.04	1.92% (3,289.99)	Aaa / AA+ AAA	2.37 2.26
91282CEV3	US Treasury Note 3.000% Due 07/15/2025	100,000.00	09/29/2022 4.28%	96,667.97 96,972.07	96.93 4.29%	96,933.60 1,385.87	1.94% (38.47)	Aaa / AA+ AAA	2.54 2.38
91282CFP1	US Treasury Note 4.250% Due 10/15/2025	120,000.00	12/12/2022 4.15%	120,318.75 120,312.91	100.01 4.24%	120,009.36 1,092.86	2.40% (303.55)	Aaa / AA+ AAA	2.79 2.58

Holdings Report

As of December 31, 2022

Upper San Gabriel Valley Municipal Water District - Account #10214

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody/S&P Fitch	Maturity Duration
91282CGA3	US Treasury Note 4.000% Due 12/15/2025	120,000.00	12/15/2022 3.96%	120,150.00 120,147.81	99.45 4.20%	119,343.72 224.18	2.37% (804.09)	Aaa / AA+ AAA	2.96 2.75
TOTAL US Treasury		2,615,000.00	1.32%	2,607,856.48 2,608,946.12	4.52%	2,495,401.66 6,658.71	49.49% (113,544.46)	Aaa / AA+ AAA	1.66 1.59
TOTAL PORTFOLIO		5,221,572.97	1.51%	5,219,051.34 5,213,114.66	4.56%	5,038,460.22 17,134.45	100.00% (174,654.44)	Aaa / AA+ AAA	1.35 1.30
TOTAL MARKET VALUE PLUS ACCRUALS						5,055,594.67			



Section 4 | Transactions

Transaction Ledger

As of December 31, 2022

Upper San Gabriel Valley Municipal Water District - Account #10214

September 30, 2022 through December 31, 2022

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	10/17/2022	3133ENS43	100,000.00	FFCB Note 4.375% Due: 10/17/2024	99.875	4.44%	99,875.00	0.00	99,875.00	0.00
Purchase	10/28/2022	3130ATT31	75,000.00	FHLB Note 4.5% Due: 10/03/2024	99.891	4.56%	74,918.25	0.00	74,918.25	0.00
Purchase	12/13/2022	91282CFP1	120,000.00	US Treasury Note 4.25% Due: 10/15/2025	100.266	4.15%	120,318.75	826.65	121,145.40	0.00
Purchase	12/16/2022	91282CGA3	120,000.00	US Treasury Note 4% Due: 12/15/2025	100.125	3.96%	120,150.00	13.19	120,163.19	0.00
Subtotal			415,000.00				415,262.00	839.84	416,101.84	0.00
TOTAL ACQUISITIONS			415,000.00				415,262.00	839.84	416,101.84	0.00
DISPOSITIONS										
Sale	10/28/2022	912828M80	100,000.00	US Treasury Note 2% Due: 11/30/2022	99.871	1.61%	99,871.09	819.67	100,690.76	-162.89
Subtotal			100,000.00				99,871.09	819.67	100,690.76	-162.89
Maturity	10/11/2022	3133EKY91	100,000.00	FFCB Note 1.375% Due: 10/11/2022	100.000		100,000.00	0.00	100,000.00	0.00
Maturity	12/09/2022	3130AFE78	100,000.00	FHLB Note 3% Due: 12/09/2022	100.000		100,000.00	0.00	100,000.00	0.00
Maturity	12/15/2022	912828YV4	100,000.00	US Treasury Note 1.625% Due: 12/15/2022	100.000		100,000.00	0.00	100,000.00	0.00
Subtotal			300,000.00				300,000.00	0.00	300,000.00	0.00
TOTAL DISPOSITIONS			400,000.00				399,871.09	819.67	400,690.76	-162.89

Important Disclosures

As of December 31, 2022

2022 Chandler Asset Management, Inc, An Independent Registered Investment Adviser.

Information contained herein is confidential. Prices are provided by ICE Data Services Inc ("IDS"), an independent pricing source. In the event IDS does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.

Performance results are presented gross-of-advisory fees and represent the client's Total Return. The deduction of advisory fees lowers performance results. These results include the reinvestment of dividends and other earnings. Past performance may not be indicative of future results. Therefore, clients should not assume that future performance of any specific investment or investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Economic factors, market conditions or changes in investment strategies, contributions or withdrawals may materially alter the performance and results of your portfolio.

Index returns assume reinvestment of all distributions. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. It is not possible to invest directly in an index.

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Fixed income investments are subject to interest, credit and market risk. Interest rate risk: the value of fixed income investments will decline as interest rates rise. Credit risk: the possibility that the borrower may not be able to repay interest and principal. Low rated bonds generally have to pay higher interest rates to attract investors willing to take on greater risk. Market risk: the bond market in general could decline due to economic conditions, especially during periods of rising interest rates.

Ratings information have been provided by Moody's, S&P and Fitch through data feeds we believe to be reliable as of the date of this statement, however we cannot guarantee its accuracy.

Security level ratings for U.S. Agency issued mortgage-backed securities ("MBS") reflect the issuer rating because the securities themselves are not rated. The issuing U.S. Agency guarantees the full and timely payment of both principal and interest and carries a AA+/Aaa/AAA by S&P, Moody's and Fitch respectively.

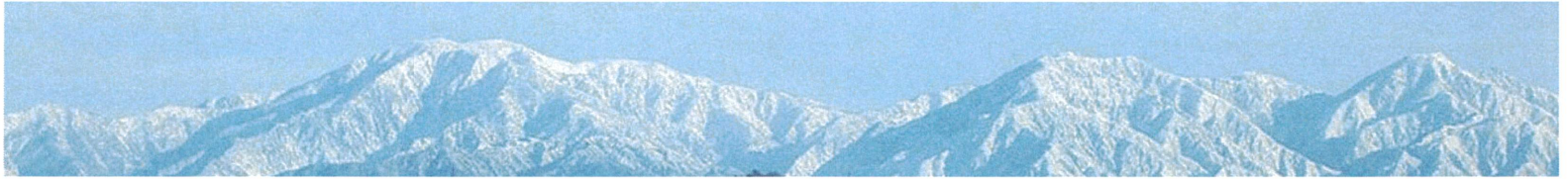
Benchmark Disclosures

As of December 31, 2022

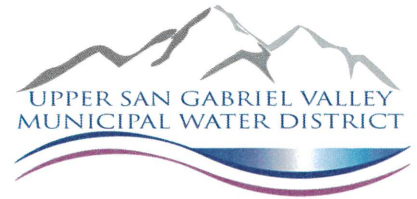
ICE BofA 0-3 Yr US Treasury Index*

The ICE BofA 0-3 Year US Treasury Index tracks the performance of US Dollar denominated Sovereign debt publicly issued by the US government in its domestic market with maturities less than three years. Qualifying securities must have at least 18 months to maturity at point of issuance, at least one month and less than three years remaining term to final maturity, a fixed coupon schedule, and a minimum amount outstanding of \$1 billion.

The ICE BofA 1-3 Year US Treasury & Agency Index tracks the performance of US dollar denominated US Treasury and nonsubordinated US agency debt issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch). Qualifying securities must have at least one year remaining term to final maturity and less than three years remaining term to final maturity, at least 18 months to maturity at time of issuance, a fixed coupon schedule, and a minimum amount outstanding of \$1 billion for sovereigns and \$250 million for agencies.



MEMORANDUM



ITEM 4.

DATE: February 2, 2023
TO: Administration and Finance Committee and Board of Directors
FROM: General Manager
SUBJECT: Updated Employee Handbook

Recommendation

Staff recommends that the Board of Directors approve the updates to the Employee Handbook.

Background

Working with District Counsel, staff periodically reviews and updates the Employee Handbook. The redlined version of the updated Employee Handbook, provided as Attachment 1, contains updates required by law along with some cleanup language recommended by District Counsel. These updates include recent changes in regulations concerning sick leave and bereavement leave. District Counsel also recommended updates to Upper District's policy on alcohol and drug-free workplace to make it more specific and in line with current employment practices.

Attachment

Employee Handbook

(Last updated on September 22, 2021)

**HUMAN RESOURCES
POLICIES and PROCEDURES
FOR
UPPER SAN GABRIEL VALLEY
MUNICIPAL WATER DISTRICT**

Welcome! This Employee Handbook outlines the personnel policies and practices in effect at the Upper San Gabriel Valley Municipal Water District (Upper District). The handbook is intended to be a helpful reference to employees during their employment with Upper District. Also, employees are encouraged to freely ask questions of Upper District Supervisors and Managers.

The Board of Directors has set very high standards for the employees of Upper District. These are necessary if we are to sustain our service levels and achievements in a highly technical industry. At the same time, we are committed to providing all employees a stimulating work environment, with recognition, appropriate compensation, and benefits to help employees reach their goals and objectives, as well as the goals of Upper District.

By working together in this way, the Board of Directors hope and anticipate that the future will be both productive and prosperous for employees, Upper District, and the community we serve.

General Manager

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Chapter I: INTRODUCTION

This Handbook has been prepared to summarize for all employees of Upper District the policies, rules, pay, and benefits which apply to them.

The information contained in this Handbook applies to all employees of Upper District. **It is presented as a matter of information only, and its contents should not be interpreted as a contract, express or implied, or any rights in the nature of a contract, between Upper District and any of its employees.**

Any changes to this Handbook must be approved by Upper District's Board of Directors.

This Handbook should be read carefully and kept handy for future reference. One of the first responsibilities of all employees is to be familiar with its contents. Any questions should be reviewed with an employee's supervisor.

This Handbook cannot anticipate every situation or answer every question about employment, nor can it provide information that answers every possible question. Additionally, circumstances may require that the guidelines, practices, and benefits described in this Handbook be changed. Accordingly, Upper District must reserve the right to modify, supplement, or rescind any provision of this Handbook 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 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.

Upper District employees understand and agree that no other Upper District rule, regulation, understanding, or practice – specifically, including, but not limited to, procedures describing how Upper District administers employee

discipline, termination, workplace investigations, employee assistance programs, maintenance of employee qualification and other personnel management functions – shall be interpreted, construed, or implied as conferring any property interest or due process rights to any Upper District employee in his or her at-will employment with Upper District.

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 Handbook supersedes all previous employee handbooks and Upper District memos which may have been issued on subjects covered herein.

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Chapter II: EMPLOYMENT POLICIES

1. Equal Opportunity

Upper District maintains a policy of nondiscrimination forwith employees and applicants for employment in hiring, firing, lay-off, promotion, benefits, compensation, training, social and recreational programs. 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 or military reserve status or past military service, genetic information, and/or political affiliation, citizenship, having received public assistance, reproductive healthcare decisions, 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, gender identity or expression, race, color, religion, ancestry, national origin, marital status, or sexual orientation, or other legally prohibited basis.

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 period, 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

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.

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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.

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, but those regularly working at least 30 hours per week are defined as full-time for purposes of the Affordable Care Act, and CalPERS defines full time as regularly working at least 30 hours per week. Therefore, those working 30 hours or more are eligible for certain full-time benefits.

d. Part - Time

Part-time eEmployees are employees who are regularly scheduled to work between 120 and 135 hours per week ~~may be eligible for certain benefits~~. Such employees are not eligible or entitled to benefits, unless otherwise expressly provided in this Handbook or by law.

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 Supervisor. If the

review is favorable, the initial evaluation period will cease, but this does not change the at-will nature of employment; if 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, 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. Nothing in this Section 5 shall, in any way, amend, modify, or otherwise affect an employee's at-will status, which remains and is further described in Chapter I, Section 3. The provisions of Chapter VIII Disciplinary Action/Termination Procedures shall not apply.

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. Upper District will not hire immediate family members or spouses/cohabitants of Board members.

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. Employment of Minors

Generally, regular employees must be 18 years of age or older. Occasionally, Upper District may elect to hire students or others who are 16 or 17 years old with the specific prior approval of Upper District's General Manager.

9. 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 Director of Finance and Administration. Employees and their authorized representatives may request inspection and a copy of their personnel file. 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 Director of 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.

10. 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. Employees are solely responsible for notifying the Director of 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

11. 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, 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.

12. Lunch and Rest Periods

Employees subject to the 40-hour workweek are scheduled to receive a one-hour lunch period each work day. Employees are entitled to a 15-minute break in the morning and in the afternoon, and should take this 15-minute break half-way through or at the mid-point of the morning and afternoon shifts, respectively. Lunch periods shall be taken as close to the 4th hour of work as possible, and no later than the end of the 5th hour of work.

Part-time employees are entitled to one 15-minute break for each four hours worked and to a 30-minute lunch period after 5 hours of work in a day.

~~Upper District is not under any ongoing obligation to schedule or monitor whether an employee has taken his or her lunch or rest period or not.~~ Employees shall have the affirmative responsibility to take their lunch and rest periods in accordance with Upper District's Lunch and Rest Periods policy. If an employee intends to work through a break or meal period in a manner that may cause overtime, such employee must notify a supervisor. Supervisors who become aware that an employee worked overtime during a rest or meal break must ensure the employee receives at least one and one-half times the regular rate of pay for time over 40 hours in a workweek.

13. 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.

14. 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.

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15. 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 creates a conflict of interest or 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.

16. Employment Reference Checks

All inquiries regarding a current or former Upper District employee must be referred to the Director of Finance and Administration or the General Manager. Upper District will respond to reference requests through the Director of 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.

17. 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 the employees' Driver Record Reports for employees who drive for work 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 drives for Upper District but 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.

18. 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.

3. Overtime Pay

Overtime is work that is ordered and authorized in excess of the employee's regular workday schedule, such that hours exceed 40 in a workweek. All overtime work by non-exempt employees must be requested and authorized in advance by an Upper District supervisor or General Manager.

Overtime for non-exempt employees shall accrue at the rate of one and one-half times the hours actually worked in excess of 40 hours per week. Hours worked up to 40 per week shall be at the regular pay rate. Overtime hours shall be paid on the regular pay period. Exempt employees are not eligible for, and will not receive overtime pay. Employees who work overtime without prior authorization will be subject to discipline, up to and including termination. Supervisors who allow their employees to work uncompensated overtime under their direction will be subject to discipline, up to and including termination. All overtime worked must be promptly reported in writing at the end of the shift. Where, due to an emergency, this is not possible, overtime must be reported in writing at the beginning of the next work shift.

Pay for hours worked on Upper District holidays will be at the employees' regular hourly rate, unless hours worked on such holiday(s) result in an

employee's total weekly hours exceeding 40 hours, in which case holiday work will be paid at 1 and ½ the regular rate of pay.

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. Overtime pay will be paid for the month up to the date of payroll processing. Any unpaid overtime will be carried over to the next pay 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.

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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 Handbook may be only brief summaries or general information. Contact the Upper District Director of Finance and Administration for more details.

The existence of these employee benefits and plans, in and of themselves, does not indicate or imply that an employee is eligible 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. Upper District Board of Directors reserves the right to change employee benefits at any time.

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 with 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; however, they may be asked to complete a form concerning their choice in each enrollment period.

Total HRA reimbursement by Upper District must not exceed the following amounts or, if federal law mandates a lower limit in any given year, then such lower limit: Four Thousand Dollars (\$4,000.00) per calendar year for each qualified program participant in ~~each calendar year~~ a single plan. ~~A~~ Qualified program participants -on a two-party plan ~~with one (1) dependent~~ shall have a combined maximum of Eight Thousand Dollars (\$8,000.00) in eligible reimbursements each calendar year. ~~A~~ Qualified program participants on a family plan ~~with two (2) or more dependents~~ shall have a combined maximum of ~~eleven thousand eight hundred~~ Twelve Thousand 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 Director of 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 the same or equivalent medical benefits to that offered to active employees.

Officers or full-time employees who began service with the Upper District, on or before June 30, 2021, who have served the Upper District continuously for a period of five (5) years or more, and who have reached the age of 60 years or older, and are either (a) deceased while employed full-time with the Upper District, or (b) terminated at will, not for violation of an Upper District rule, 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 the same or equivalent medical benefits 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 Director of 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 Director of 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 a matching contribution of up to \$500 per month to directors and PEPRA employees. For non-PEPRA employees, Upper District will provide a matching contribution of up to \$250 per month. Please see Upper District's Director of 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 Director of Finance and Administration to request direct deposit.

11. 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

12. 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 based on the length of their years of eligible service with Upper District, 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 up to ten (10) days of earned vacation days in any one year and add those days to the next year's vacation entitlement. Thus, the maximum vacation time that an employee can earn and hold on the books is the vacation days earned according to the eligible service years, plus ten (10) days. After that point, employees must use or cash-out some vacation days before any more vacation days will accrue.~~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 cash out ~~sell~~ up to ten (10) vacation days back to Upper District at their respective salary range, provided that after the cash out sale of any number of vacation days back to Upper District, the employee will have at least ten (10) vacation days remaining.

All vacations shall be subject to the approval 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.

13. 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, parent-in-law, or to bond with a new child or newly adopted child or foster child, or one other designated person. 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. If necessary, employees may also take unpaid leave to attend judicial proceedings related to a crime of which the employee or the employee's family member was a victim.

When ill or unable to attend work, it is the employee's responsibility to notify their supervisor 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, whichever is later. 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.

Part-time/Temporary Employees

Beginning July 1, 2015, and in accordance with the Healthy Workplaces, Healthy Families Act of 2014, eligible part-time and/or temporary employees are entitled to paid sick leave benefits under the following conditions:

- a. Accrue paid sick leave benefits at the rate of one (1) hour for every 30 hours worked;
- b. Take paid sick leaves of up to 24 hours per calendar year, in increments of at least two (2) hours;
- c. Accumulated sick leave will not be paid upon termination of employment;
- d. Employees who have not worked in a 12-month period shall be considered new employees for purposes of sick leave accrual and usage;
- e. Employees may accrue a maximum of 48 hours of paid sick leave.
- f. Employees who have worked for Upper District for at least 30 working days within a year are entitled to take paid sick leave.

14. 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 Section 14, "immediate family" is defined as a spouse, registered domestic partners, children, grandchildren, parents, grandparents, brothers, sisters, mother-in-law, father-in-law. If needed, an additional 2 days of unpaid leave may be taken for the death of a spouse, child, parent, sibling, grandparent, grandchild, domestic partner or parent-in-law.

15. 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.

16. Holidays

Employees of Upper District will receive the following paid holidays:

New Years Day	January 1
Martin Luther King's Birth <u>Day</u>	<u>3rd Monday in January-21</u>
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.

17. 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.

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18. 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 or courses required to obtain a certificate or degree 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 Upper 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 Upper 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 17 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 Upper District within one (1) year from the reimbursement date shall immediately, upon the effective date of termination, return a prorated amount of such reimbursement to Upper District upon termination. Specifically, the amount of reimbursement the employee shall return to Upper District will be prorated based on the amount of reimbursement already received and applied to units or courses completed by the employee, as of the effective date of termination. By accepting reimbursement, the employee consents to such return upon termination of employment.

19. 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.

20. 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 and associated reimbursement have 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 judgment 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.

21. 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.

22. 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.

For worker's compensation claims, 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 request a return-to-work certification for employees returning from a medical leave or injury leave that they can return to work and perform their essential job duties and asking whether there are functional limitations or whether the employee requests an accommodation. If there are restrictions or a request for an accommodation, Upper District will conduct a reasonable accommodation meeting with an employee returning to work after a leave due to injury or extended medical leave 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.

23. 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. Family means spouse, parent, brother, sister, child, grandchild, grandparent, mother-, father-, sister-, brother-, daughter-, or son-in-law or registered domestic partner of an employee.

"Parent" means the biological adoptive, step or foster parent of an employee, or an individual who stands or stood in loco parentis (in place of a parent) to an employee when the employee was a child.

A "domestic partner" is as defined in California law.

"12-Month Period" means a rolling 12-month period measured backward from the date leave is taken and continuous with each additional leave day taken.

"Single 12-month period" means a 12-month period which begins on the first day the eligible employee takes FMLA leave to take care of a covered service member and ends 12 months after that date.

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 or 26 weeks in the case of injured service member leave) 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 advance notice to Upper District may be considered as having 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 may require employees to use accrued time off during FMLA and CFRA leave but not during Pregnancy Disability Leave (PDL) leave. Employees using PDL leave may choose to use accrued sick and vacation time if they wish. Upper District will notify employees if their FMLA leave runs concurrently with their workers' compensation or CFRA leave.

24. Pregnancy Disability Leave (PDL)

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. They may apply for State Disability Insurance.

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.

Leave because of an employee's disability for pregnancy, childbirth, or related medical conditions is not counted as time used under CFRA, but is counted under the federal FMLA. Employees taking time off for pregnancy disability and who are eligible for family and medical leave will be placed on FMLA that runs at the same time as their pregnancy disability leave (PDL). Once the pregnant employee is no longer disabled, the employee may apply for leave under CFRA, for purposes of baby bonding. If leave is requested for the birth, adoption or foster care placement of a child of the employee, leave must be concluded within one year of the birth or placement of the child.

By way of further clarifying the foregoing three sections, the following are potential reasons for leave:

- a. The birth of the employee's child, or placement of a child with the employee for adoption or foster care (FMLA/CFRA);
- b. To care for the employee's spouse, registered domestic partner, child, or parent who has a serious health condition (FMLA/CFRA);

- c. To care for the employee's adult child, child of domestic partner, registered domestic partner, grandparent, grandchild, sibling, and parent-in-law with a serious health condition (CFRA);
- d. For a serious health condition that makes the employee unable to perform his or her job (FMLA/CFRA);
- e. Any period of incapacity or treatment due to pregnancy or prenatal care (FMLA or PDL);
- f. For any "qualifying exigency" because an employee's spouse, child, or parent is on active military duty or has been notified of an impending call or order to active duty in a foreign country or in support of a contingency operation involving the Reserves or United States Armed Forces (FMLA/CFRA) (also includes employee's domestic partner, grandparent, grandchild, sibling, and parent-in-law under CFRA); or
- g. To care for a spouse, child, parent, or "next of kin" servicemember or veteran who was in the United States Armed Forces at some time during the preceding five years and who has a serious injury or illness incurred in the line of duty while on active military duty or existed before the beginning of the member's active duty and was aggravated by service in the line of duty on active duty in the Armed Forces (this leave can run up to 26 weeks of unpaid leave during a single 12-month period) (FMLA only).

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25. 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.

26. Lactation Accommodation

An employee needing to express breast milk can reserve the small private 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 private 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.

27. Donated Leave Program

Purpose

The purpose of this policy is to provide guidelines and clarify requirements and procedures for leave donations. No employees are required to participate in this program.

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 unless 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 Director of 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, and 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. The Prevention Program also covers workplace safety pandemic protocols.

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; however, nothing herein changes the at-will status of employees' employment:

- 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 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 or military status, 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 or other legally permitted 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 Director of 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 Director of 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 Upper District's goals and the employee's individual performance.

Upper District maintains an alcohol and drug-free workplace. It will give the same consideration to persons recovering from chemical dependency problems, who are not currently abusing illegal drugs or alcohol, as it does to employees having other health problems. Seeking treatment recommended and directed by a health care provider for such a problem by itself will not be a basis for employment decisions. Policies and procedures described herein are applicable to salaried and hourly employees.

The possession, transfer, sale or use of alcohol or illegal drugs, while on District premises or during work hours or meal breaks is prohibited. This includes all forms of alcohol, narcotics, depressants, stimulants, hallucinogens and includes marijuana, cocaine, heroin, methamphetamine, amphetamines, opiates, and PCP.

SECTION 1.1. On-Call Employees.

All employees are prohibited from consuming alcohol at work or while on-call to perform job functions that may include driving, operating heavy equipment or using hazardous chemicals. If such an on-call employee has consumed alcohol, they must acknowledge the use of alcohol at the time that they are called to report for duty. If such an on-call employee claims the ability to perform his or her safety-sensitive function even though having had alcohol, he or she must take a fitness-for-duty alcohol test with a result of 0.02 or lower prior to performance.

All employees are prohibited from consuming alcohol within four (4) hours prior to the performance of job functions.

SECTION 1.2. Definitions.

- a) Illegal drugs or other controlled substances: Illegal drugs or other controlled substances; means any drug or substance that (i) is not legally obtainable; or (ii) is legally obtainable but has not been legally obtained; or (iii) has been legally obtained but is being sold or distributed unlawfully. A drug that is illegal at either the state (California law) or federal level is illegal under this policy.
- b) Legal drugs: Legal drugs means any drug, including prescription drugs, or over the-counter drug, that has been legally obtained and that is not unlawfully sold or distributed.
- c) Abuse of any legal drug: Abuse of any legal drug means the use of any legal drug (i) for any purpose other than the purpose for which it was prescribed; or (ii) in a quantity, frequency, or manner that is contrary to the instructions or recommendations of the prescribing physician.
- d) Reasonable suspicion: Reasonable suspicion means a suspicion that is based on (i) specific contemporaneous articulable personal observations such as an employee's manner, disposition, muscular movement, appearance, behavior,

speech or odor; or (ii) information provided to management by an employee, by law enforcement officials, by a security service, or by other persons believed to be reliable; or (iii) a suspicion that is based on other observable articulable specific surrounding circumstances indicating drug or alcohol use.

e) Possession: Possession means that an employee has the substance on their person or otherwise under their control.

SECTION 1.3. Procedure.

SECTION 1.3.1. Impairment During Work Hours. Where a supervisor has reasonable suspicion that an employee's faculties are impaired due to the use of alcohol or drugs (including illegal drugs, legal drugs, or abuse of legal drugs) during working hours, or where the employee on a work shift or immediately before working is in a position where such impairment presents a danger to the physical safety of the employee, another employee, or a member of the public, the employee may be referred for a medical evaluation (to determine fitness for work) and/or may be sent home by commercial transportation by their supervisor, pending determination of appropriate action. A reasonable suspicion referral for testing will be made by a doctor, trained supervisor or other trained official on the basis of specific, contemporaneous, articulable observations concerning the appearance, behavior, speech, or odors of the employee. The basis for the reasonable suspicion will be explained to the employee and the employee will be asked to consent in writing to a fitness for duty test which may include a drug screen.

The sale, purchase, transfer or possession of illegal drugs or abuse of a legal drug will result in disciplinary action, up to and including termination.

When prescribed or over-the-counter drugs may affect safety, the employee must not report to duty under the influence of such medicines to perform duties that may not be safely performed. Such employee may request time off for the period in which the medicine is prescribed or request an appropriate reasonable accommodation. A supervisor may temporarily relieve or reassign duties of an employee where use of temporarily prescribed medication may adversely affect job performance or may pose a safety concern, when it is generally in the best interests of the employee, other employees, Upper District or members of the public.

SECTION 1.3.2. Preemployment Testing. When an applicant is holding a conditional offer of employment, a negative -pre-employment drug test result is required before an employee can first perform safety-sensitive functions, or job duties involving driving, operating heavy equipment or working with hazardous chemicals, or performing any security services, or working with children. If a pre-employment test is cancelled, the individual will be required to undergo another test and successfully pass with a verified negative result. A pre-employment test result finding *non-psychoactive* cannabis metabolites in their hair, blood, urine or other bodily fluids by a drug screening test will not be disqualifying if the result is from past off duty use which was pre-employment.

SECTION 1.3.3. Evidence Collection.

Employees should not have an expectation of privacy over District-owned property or containers, including but not limited to lockers, drawers, desks, filing cabinets, or vehicles, including glove compartments, trunks or storage areas of District-owned vehicles.

SECTION 1.3.4. Documentation. Records pertaining to job performance, attendance and behavior should be maintained in the employee's file. No reference to alcohol or other drug problems as a medical diagnosis, or other medical information, should appear in personnel files. As with other medical information, if medical information is disclosed to Upper District concerning an employee, such information must be maintained in a separate confidential file and treated as confidential medical information. This does not preclude documenting performance problems, behavior or unprofessional conduct.

SECTION 1.3.5. Disciplinary Action. The use, possession, transfer or sale of alcohol or drugs in violation of this policy is very serious and may result in disciplinary action, which may include termination.

Following a positive drug or alcohol (BAC at or above 0.04) test result or test refusal, the employee will be immediately removed from duty and referred to an Employee Assistance Program or Substance Abuse Professional (SAP). Following a BAC of 0.02 or greater, but less than 0.04, the employee will be immediately removed from any duties until the start of the employee's next regularly scheduled duty period. A finding of non-psychoactive cannabis metabolites in the hair, blood, urine or other bodily fluids of a non-safety sensitive/non-Department of Transportation-regulated employee will not subject the employee to discipline or termination if the result is from past off-duty use, not on-duty use and not use preceding a workshift.

The purpose of instituting disciplinary action under this Section is to correct poor performance, attendance or behavioral problems related to alcohol or substance abuse, to safeguard the safety of the public and Upper District employees. Termination may be pursued where the employee demonstrates an inability to achieve a level of satisfactory work performance, attendance or behavior as delineated by the supervisor and/or the General Manager. Termination may also be pursued if the employee is in a position where impairment due to alcohol or drugs potentially presents a danger to the physical safety of that employee, another employee or a member of the public.

SECTION 1.3.6. Treatment. Any employee who has a drug and/or alcohol abuse problem and has not been selected for reasonable suspicion or post-accident testing or has not refused a drug or alcohol test may voluntarily refer her or himself to management, who will refer the individual to an employee assistance program which may refer the individual to a substance abuse professional. Employees are encouraged to voluntarily seek professional substance abuse assistance before any substance use or dependence affects job performance and potentially results in discipline or termination. Any questions as to use of sick leave or FMLA leave to seek treatment prescribed and directed by a health care provider should be directed to Human Resources.

SECTION 1.3.7. Medical Evaluations for Reasonable Suspicion.

Where there is reasonable suspicion to believe that an employee may be under the influence of alcohol or drugs so as to impair the employee's faculties during working hours, or to pose a danger to the physical safety of the employee, another employee or a member of the public, the employee may be directed to report to a District-designated physical or medical clinic on District time and at District expense for a fitness-for-duty examination. Testing may be administered and may include possible urine or blood screens as deemed appropriate by the examining physician. Employees may be advised that such tests may be administered and that they will be asked to authorize, in writing, -the release of such test results to Upper District. Employees should also be advised that the decision to submit to medical evaluation is voluntary, but, if the examination is refused, the employee will be sent home. One (1) to two (2) or more such refusals in a twelve (12)-month period may result in termination or other disciplinary action.

If there is a negative dilute test result, Upper District will accept the test result and there will be no retest, unless the creatinine concentration of a negative dilute specimen was greater than or equal to 2 mg/dL, but less than or equal to 5 mg/dL. Dilute negative results with a creatinine level greater than or equal to 2 mg/dL but less than or equal to 5 mg/dL require an immediate recollection (see 49 CFR Part 40, section 40.67). In the event of a verified positive test result, or a verified adulterated or substituted result, the employee can request that the split specimen be tested at a second laboratory at employee cost. The split specimen test will be conducted in a timely fashion.

Employees found to have positive screens may face discipline up and including termination and must be given medical clearance before and if they are to return to work and will be referred to an employee assistance program in that case.

SECTION 1.3.8. Post-Accident Testing. Employees who are not "safety sensitive" DOT-regulated employees may be subject to post-accident drug and alcohol testing under the following circumstances, if they are involved in an accident while operating a vehicle for work, unless it is clear from the circumstances that they were not a contributing cause of the accident.

As soon as practicable following an accident involving a District employee on duty, drug and alcohol tests will be conducted on each surviving employee if:

- a) The accident results in a fatality or an injury requiring immediate medical treatment away from the scene; or
- b) One or more motor vehicles incur disabling damage and must be transported away from the scene by a tow truck or other motor vehicle, where damage is potentially \$10,000 or more; or
- c) There is otherwise reasonable suspicion.

An employee subject to post-accident testing must remain readily available, or it is considered a refusal to test. Nothing in this section shall be construed to require the delay of necessary medical attention for the injured following an accident or to prohibit an employee from leaving the scene of an accident for the period necessary to obtain assistance in responding to the accident or to obtain necessary emergency medical care.

All employees are prohibited from consuming alcohol for eight (8) hours following involvement in an accident if he or she is asked to submit to any post-accident drug and alcohol test requested, whichever occurs first.

SECTION 1.3.9. Test Refusals. As a covered employee, you have refused to test if you:

- (1) Fail to appear for any test (except a pre-employment test) within a reasonable time, as determined by District.
- (2) Fail to remain at the testing site until the testing process is complete. An employee who leaves the testing site before the testing process commences for a pre-employment test has not refused to test.
- (3) Fail to attempt to provide a breath or urine specimen. An employee who does not provide a urine or breath specimen because he or she has left the testing site before the testing process commenced for a pre-employment test has not refused to test.
- (4) Fail to provide a sufficient quantity of urine or breath without explanation.
- (5) Fail or decline to take a second test as directed by the collector or District for drug testing.
- (6) Fail to undergo a medical evaluation as required by the medical review officer (MRO) or District's Designated Employer Representative (DER).
- (7) Fail to cooperate with any part of the testing process.
- (8) Possess or wear a prosthetic or other device used to tamper with the collection process.
- (9) Admit to the adulteration or substitution of a specimen to the collector or MRO.
- (10) Refuse to sign the consent on the Alcohol Testing Form (ATF).
- (11) Fail to remain readily available following an accident.

SECTION 1.3.10. Removal From Duties.

Treatment/Discipline: Per District policy, any employee who tests positive for drugs or alcohol (BAC at or above 0.04) or refuses to test will be sent home and referred to an Employee Assistance Program or -Substance Abuse Professional (SAP).

SECTION 1.3.11. Contact Person. For questions about District's anti-drug and alcohol misuse program, contact the General Manager.

~~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 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 of any employee whose job functions may include driving, using heavy equipment, handling chemicals, direct work with water infrastructure, tanks, wells and pipes, or any work with vulnerable populations such as events attended by children and the elderly or persons with disabilities. 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, odors, or behavior or speech at work. Should Upper District determine such reasonable suspicion exists based on articulable contemporaneous observations, the employee will be referred to a medical professional for a fitness for duty evaluation. A supervisor trained in detecting substance use will explain the reasonable suspicion basis to the employee and request the employee sign a consent to a fitness for duty test including drug screen. Assuming the employee consents, The medical professional will evaluate the employee, and based on the evaluation, determine whether a test for drugs and/or alcohol shall be administered. An employee may refuse to consent to testing, but a refusal to consent may be grounds for discipline including but not limited to termination.~~

~~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, as defined by the Department of Transportation, 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.~~

~~Test results will be provided to employees promptly after receipt by the District. When any employee has been found in violation of these rules by testing or by the employee's own admission, the employee may be 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, when observable facts, circumstances and behavior the nature of which creates reasonable suspicion of impairment of ability or judgment of an employee due to alcohol or drugs, particularly when the employee has been written a citation. 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 due to significant damage, or (ii) a vehicle cannot depart from the site in its usual manner without significant repair and/or maintenance, or (iii) a vehicle can depart from the site in its usual manner but will later require significant 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, away from the site, 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, which are held in a separate confidential file under lock.~~
- 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 the appropriate 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 or vaping 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. UpperThe District does not discriminate based on hair texture or protective hairstyles, and does not impose gender specific attire requirements. 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 prohibited. 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 disrespectful 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.

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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 Upper 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 lawful off-duty and personal conduct of its employees, However, 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; for example, outside work that creates a conflict of interest with Upperthe District could impair Uppertthe District's business interests, and on-line harassment and other unlawful conduct may reflect badly on the agency and may warrant discipline or termination. An employee with outside work that creates a conflict of interest may need to leave one of such jobs or face termination. 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: DISCIPLINARY ACTION/TERMINATION

1. At-Will

The employment status of all 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. 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 Upper District'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.

HANDBOOK RECEIPT AND ACKNOWLEDGEMENT

I acknowledge that I have received a copy of the Upper San Gabriel Valley Municipal Water District Employee Handbook.

I understand that the Handbook contains important information concerning Upper District's general personnel policies as well as my privileges and obligations as an employee. I understand that my employment is governed by the content of this Handbook. I further understand that Upper District may change, delete, reduce, or add to any policies, benefits, or practices described in the Handbook, 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 Handbook conflicts with any other written policies, this Handbook 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.